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Spain

SEPTEMBER-OCTOBER, 1979 No. 107

When the Jet Set doesn't fly into the Costa del Sol, it sails in.

The Jet Set "discovered" the Costa del Sol some 20 years ago, when its 72 miles of sun-drenched beaches were used mainly by fishermen in sleepy nearby villages.

Since then these quiet towns have awakened with a bang. Now there are over 84 3-star hotels or better, with at least 12 of them being 5-star.

The climate is nearly perfect, the year-round facilities for enjoying the climate practically endless.

There are 14 magnificent golf courses all open to tourists, so a golfer doesn't have to get up before sunrise to tee off. (The night life is so incredible many people don't even get to sleep before sunrise.)

Tennis schools, famous throughout Europe, are becoming equally popular among Americans. With clay courts almost everywhere.

And boating, because of the Mediterranean, is especially enjoyable. However, after seeing the marinas at Cabo Pino, Estepona and Marbella's Puerto Banus, even the most enthusiastic sailor may decide to stay on shore. And sip an apéritif in an outdoor café.

As you might expect, the Costa del Sol offers more than just fun and games. Here a person can also play for real, in the exciting new casinos at Nueva Andalucia and Torrequebrada. There's also an excellent convention center in Torremolinos, which is perfect for combining business with pleasure.

Málaga, the Costa del Sol's capital, has a number of impressive sights: Gibralfaro Castle, dating back to the Phoenicians; the Alcazaba, a Moorish fortress; an old Roman theater; beautiful parks and a downtown mall with winding streets and great shopping. It's a port of call on Mediterranean cruises.

FLYING INTO THE COSTA DEL SOL

From New York, IBERIA flies non-stop to Málaga twice a week and has two weekly through-flights via Madrid. There are many daily flights to Málaga from Madrid and Barcelona.

TWA has four weekly through-flights to Málaga from New York.

From Miami, IBERIA has four flights a week to Madrid with connections to Málaga. Pan Am and Aeromexico also fly from Miami to Madrid, with easy connections to Málaga.

EXCURSIONS OUT OF THE COSTA DEL SOL

The Alhambra—One of the architectural treasures of the world, seemingly out of the Arabian Nights. Worth travelling any distance to see, it's only a 2½ hour drive from Málaga. Located in Granada, your clients can also see the gypsy caves of Sacromonte and the tombs of Isabella and Ferdinand in the *Capilla Real*.

Africa—Tangier, Tetuan or Ceuta is just a relaxing ferry ride away from Málaga, Torremolinos or Fuengirola. A one day excursion.

Seville—One of the great cities of Spain. With a fantastic Gothic cathedral (one of the world's largest), a 12th century masterpiece of Islamic art called the Giralda tower, a beautiful Moorish palace and the old quarter of Santa Cruz. Romanticized in opera and charming still. 133 miles from Málaga.

Cordoba—Once the richest city in the West. Its great mosque remains a tribute to its magnificent past. The old Jewish quarter has a beautiful 14th century synagogue and patios filled with flowers. Its exceptional Roman bridge is still in use. 113 miles from Málaga.

The White Villages—You can book one-day excursions to some of the whitest, cleanest, most beautiful mountain villages in the world—Mijas has excellent handicrafts from all over Spain. And Casares, built by Caesar, has spectacular views of Gibraltar and Africa.

For more information, contact the nearest Spanish National Tourist Office: 665 Fifth Avenue, New York, New York 10022/664 No. Michigan Avenue, Chicago, Ill. 60611/3160 Lyon St., San Francisco, Calif. 94123/Casa del Hidalgo, St. Augustine, Fla. 32084.

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COVER: A float in the annual Hispanic-American Parade up Fifth Avenue promotes the campaign for a monument in New York to the discovery of the Americas by Spain. See story on page 18.

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By JOHN J. ZAIC
Deputy Director, International Affairs Staff
U.S. Food and Drug Administration

The FDA and International Trade

Mr. Zaic, a good friend and frequent guest of the Chamber, discussed the programs of the Food and Drug Administration of special concern to importers at a luncheon in his honor at the Casa y Circulo Cultural de Espana on September 20th.

How a government agency interacts with Congress reflects the priorities and issues facing that agency. Because its mission and programs directly affect the individual consumer, the Food and Drug Administration, more often than most federal agencies, is in the congressional spotlight. As a result, relations between Congress and the FDA have been especially eventful in the last few years.

The Federal Food, Drug and Cosmetic Act is the cornerstone of FDA's authority. Although FDA enforces provisions of other acts (e.g., Public Health Services Act, Fair Packaging and Labeling Act, Radiation Control for Health and Safety Act), most of its mandate is defined by the FD&C Act.

Until recently the Act has effectively performed its intended role of protecting the nation's public health. It is increasingly doubtful, however, that it can continue to meet the host of scientific and social challenges which have taken shape in the last few years. Nowadays we find FDA the lead actor of numerous new bills being introduced in Congress. Some of these bills propose comprehensive revisions in FDA's scope of authority.

Last week we received word that by mid-October we'll have a new commissioner to help us wrestle with our problems. He is Dr. Jere E. Goyan, Dean of the School of Pharmacy, University of California at San Francisco. He has excellent credentials, and we are optimistic for our future.

Our subject today is FDA in-house import planning strategy. Our compliance programs for import foods provide activities for the field during any given fiscal year. They provide for coverage of products for insanitation (which includes filth, decomposition, microbiological contamination), adulteration with industrial chemicals, aflatoxins, color additives or food additives, misbranding, and nutrition labeling.

FDA's import food activity is covered by Section 801 of the FD&C Act, which gives the agency authority to deny entry into this country of products which are adulterated or misbranded, or even appear to be adulterated or misbranded.

IMPORT COVERAGE

Over the last several years we've made a concerted effort to assure that foods entering the United States meet with the same standards as domestic products. To increase efficiency of manpower utilization and to broaden coverage, we've been using new approaches to handling imported foodstuffs. You may have heard from your local FDA district people that they are using a number of new initiatives to help us get "more bang for the buck." Some of these are:

- Utilization of mobile laboratories.
- Use of "ship-to-shore" coverage.
- Saturation sampling of certain productions with high violation rates.
- Increased coverage of containerized cargo.
- Intensified surveillance of importers consistently handling suspect products.
- Development of cooperative agreements with foreign governments.
- Initiation of international workshops for foreign exporters of major food products.
- Establishment of "block lists," which provide for automatic detention of suspect products from certain foreign exporters.
- Use of "import alerts" to highlight violative products.

PROGRAM

Our programs provide for sampling and laboratory or wharf examination of imported foods to determine if they are in compliance. Those lots found to be out of compliance are detained.

Below, at the luncheon in his honor, John J. Zaic talks with Luis Martinez Arevalo, Commercial Attache at the Embassy of Spain in Washington, and Ramon Boixareu, Commercial Counsellor of Spain in New York.

Headquarters direction for coverage is broad and generic, and each district conducts wharf examinations, sample collections and sample examinations as necessary to meet these broad obligations in each area. In planning their import operations, districts are instructed to give priority attention to products ready to be sold to the consumer without further processing. They are also advised to consider:

- The violation rate of the product during past fiscal years.
- The total volume of the product through the district's ports of entry.
- The previous history of the importer of record, shipper, or consignee.

Ongoing coverage of interest to Spanish shippers during the coming fiscal year would include:

- Raw frozen shrimp, for decomposition, insect infestation and salmonella. Shrimp valued in excess of $6.5 million were detained for decomposition during fiscal year 1977. This included shrimp from some twenty different countries. No geographical guidance is offered to the districts, but all countries will be covered to the extent indicated by history and circumstances.
- We are continuing to monitor Spanish olives because of excessive pits and pit fragments. FDA coverage extends to all types—salad, stuffed and pitted.

In past years, the following product groups from all over the world have had high rates of adverse findings:

- Dried fruit.
- Cured and processed vegetable products.
- Shellfish, crustaceans and other aquatic animals (except smoked).
- Fruit products.
- Dried and dehydrated vegetables (including freeze-dried).
- Spices.
- Candy, chewing gum, chocolate and cocoa products.
- Dressing and condiments.

Current instructions to the field ask that they redirect efforts to commodities with high out-of-compliance rates.

The low-acid canned foods program directs coverage to imported canned foods which do not meet the criteria defining "low-acid" foods, and low-acid canned foods for sanitation attributes other than microbiology.

Aflatoxins are metabolic products of the molds **aspergillus flavus** and **a parasiticus.** They may occur as residues of the mold growth of susceptible products. They are demonstrated liver toxins and liver carcinogens in some animals. Although the degree of hazard for man is not establshed, the presence of aflatoxins in foods must be restricted to minimum levels practically achievable using modern processing techniques.

FOOD ADDITIVES

Any food which is or which contains a food additive for which safe conditions of use have not been established by regulations is considered to be adulterated within the meaning of section 402 of the FD&C Act. Additionally, color additives are deemed unsafe and therefore adulterated unless they conform with the regulations. Historically, here are some violations which we found in these areas:

- Borates in frozen shrimp from Taiwan.
- Untreated linseed (flaxseed) in bakery products.
- Importation of ackee (Jamaican fruit also called "akee," "akie," or "ishin").
- Ginseng used as an additive in food products.
- Colors in food from the Orient.
- Lack of required sacharin warning statement.
- Hexamethylenetetramine used as a preservative in Europe for canned or semiprocessed fish.
- Attempted importation of betel nuts.
- Products such as sassafras tea, containing the carcinogen safrole.
- Borates added as a preservative to Russian or Iranian caviar.
- Salicylates in anchovy-stuffed olives.
- Non-permitted colors in condiments and preserved fruit.

FOOD ECONOMICS

FDA resources in the food economics area have been drastically reduced. The intent of the food economics import coverage program is to search only for the most significant economic deceptions and food standards violations, concentrating effort in areas which might result in flagrant deception of consumers.

At left, Mr. Zaic answers questions following his talk to the Chamber. On the dais (left to right) are Mariano Baguena, Executive Director of the Chamber, Joseph Caragol, Mr. Zaic, Chamber President Felipe Propper de Callejon and First Vice President John E. Codina, and Mr. Boixareu.

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LA MAYOR RED BANCARIA ESPAÑOLA EN EL EXTRANJERO

By VICTORIA ARANDA
J. & A. Garrigues, New York Office

A SURVEY OF THE SPANISH GOVERNMENT'S NEW MEDIUM-TERM ECONOMIC PROGRAM

"The Government is convinced that Spain's economic problems can only be overcome successfully by maintaining a flexible economy capable of adapting to rapidly changing circumstances."

Until now, the policies of the new democratic government of Spain have focused on the more urgent political priorities, but recently more attention has been devoted to economic problems, and an economic program for the medium term has been spelled out. We shall try here to present to survey of this program, highlighting specific actions of the Government in some critical areas.

On August 14th, the Vice President of the Government for Economic Affairs and Minister of the Economy released in Madrid the government's medium-term economic program. Its first section is devoted to an analysis of the current economic situation, as well as of the situation of the Spanish economy.

The current predicament of the economy may be said to have begun with the energy crisis of 1973 and to have been magnified by the second energy crisis caused by the recent events in Iran. These factors have curtailed economic growth in the West, creating the necessity world-wide for a redistribution of productive resources.

The Spanish socio-economic policy of 1978, characterized by the Moncloa Agreements, was aimed at eliminating the imbalances which had prevailed since 1974; it achieved the following results:

1. The balance of payments for current accounts was converted from a large deficit to a surplus of some $1,600 million for 1978.

2. The inflation rate was not only checked but reversed. The year 1978 closed with an increase in consumer prices of 16.5%—down 10% from the rate for 1976-1977.

At the same time, a tax reform was introduced and a program giving the economic system greater flexibility was developed.

This economic policy, however, inevitably caused a weakness in demand and a reduction of investment. While there was an increase of 3.1% in the Gross National Product for 1978, there was also an alarming increase in unemployment.

It was under these circumstances that the government worked out an ambitious program for 1979 intended to stimulate economic activity, with a resulting increase in employment, but at the same time to reduce the rate of inflation, which was still well above the European average. In order to do this, the plan called for a reduction of public sector expenditures so as to stimulate the private sector, as well as a less restrictive monetary policy than in the previous year—a policy which would give special attention to increasing credit to the private sector.

The economic crisis of 1979, however, has made necessary a short term revision of the objectives for the year, making a readjustment of the Spanish economy a slow and difficult process.

It must also be kept in mind that even though the socio-political situation in Spain seems to have stabilized to a great extent, there are still important problems to be solved, such as those raised by the by-laws of regional autonomy, which interfere with and complicate economic development.

In summary, we can say that Spain's current economic problems arise from the following sources:

- Structural deficiences dating from the Franco era.
- Problems of transition in various areas, especially the political.
- The world economic crisis (and specifically the American economic crisis, because of our dependence on the U.S. dollar).
- Lack of confidence on the part of Spanish investors.

From this perspective, the Government has established the principles on which economic policy will be based during the coming years.

It must be kept in mind that we are dealing with a difficult period in which the combination of domestic and international circumstances imposes important changes in the productive factors already consolidated. It is not known, moreover, exactly what these changes will be, since many of the basic conditions are uncertain. It is difficult in this situation to set forth a detailed program for the entire economy, since to do so would mean an increase in the rigidity of our production structures at a time when they require greater flexibility to adapt to the uncertainties brought about by the world crisis.

The Government is convinced that Spain's economic problems can only be overcome successfully by maintaining a flexible economy capable of adapting to rapidly changing circumstances. The basic principles on

which the general ideas of flexibility and liberalization rest are:

1. The basic effort of the Government is to try to increase the role of market economy mechanisms. The market economy can only respond efficiently to stimulus if individual businessmen are free to organize their production structures and combine productive factors.

2. The Spanish economy has a great potential for growth. The current conditions of slow growth and low productivity offer the possibility of achieving a growth rate higher than those of the other industrialized nations. Although Spanish growth potential has been drastically affected, economic policy still foresees growth by one or two points more than in the other countries of the O.E.C.D.

3. With the approval by Parliament of the National Energy Plan and the submission of the Workers' Bill of Rights, important steps were taken in two vital areas of economic policy: energy and labor relations. The future of our economy depends on finding answers to the energy problem; and the definition of a framework for labor relations consistent with the function of an open and free society is an essential element of any collective economic project.

4. Once a more flexible economy is achieved through the approval of a new framework for labor relations and a clearer energy picture, it will be necessary that no more imbalances occur in terms of inflation and the balance of payments, in order to assure the potential growth of the economy.

The attainment of this objective requires a strict demand policy, consisting of:

a) A monetary policy in which the expansion of the basic monetary supply is just sufficient to maintain the rate of growth foreseen for production and prices—and no more.

b) A policy of public income and expenses coordinated with the above, in which no deficits are generated greater than those which can be financed without endangering the monetary equilibrium or lessening the possibility of financing of the private sector.

The Government, however, does not wish to establish a fixed position on income policy, and will therefore regulate the payments of the public sector according to its competence, annually making general recommendations regarding the increase of salaries, in accordance with the economic situation.

5. The terms of business financing have restrained growth in recent years, making it necessary to continue the reform of the financial system in order to channel the funds required for the investment process, under reasonable time periods and interest rates.

6. It is also necessary to move forward with the liberalization of Spanish foreign commerce. The external balance of the balance of payments for current account is an indispensable condition for the growth and progressive liberalization of the movement of funds. It will increase the margin of action of the monetary policy.

The Government feels that this monetary policy will not cause inflation, but on the contrary will help to redirect the inflationary strain to the level of the average of the countries in the E.E.C.

7. Public expenditure should be limited to avoid excessive competition between the public and the private sectors for scarce resources.

After stating the principles on which the monetary policies of the coming years will be based, the Government defined the basic lines of action in critical areas under which these principles can be implemented without affecting the basic conditions of flexibility and non-intervention.

SPECIFIC ACTIONS:
I. ACTIONS RELATING TO EMPLOYMENT AND PROTECTION OF EMPLOYEES

The disappearance of the vertical syndicate of the Franco era and the new legislation regarding union relationships within a democratic spirit, have enormously facilitated the possibilities of dialogue between the unions and the employers' organizations. In addition, the Spanish worker, better informed and with more confidence in the morality of business, is beginning to understand managerial problems and to believe in the accounting records of the businessman since the disappearance of double or triple bookkeeping procedures.

To this definite improvement in labor relations must be added a decided action by the Government to improve employment levels. And since unemployment does not equally affect the entire labor force, the problems being different according to the age and sex of the workers and the geographical area, selective solutions are required. Specific policy aims are:

a) A progressive increase in the length of schooling for those between 14 and 16 years of age.
b) Establishment of obligatory retirement at age 69 (This measure is contemplate in the workers' legislation which has been sent to Parliament.)
c) Programs of aid to early retirement for specific groups of workers over 60.
d) Maintenance of the youth employment program.
e) Continuation of the program allowing temporary work by persons collecting unemployment compensation.
f) A program to aid the employment of women who are

"The basic effort of the Government is to try to increase the role of market economy mechanisms."

the heads of households.

g) A program to create employment by encouraging or supplementing investments made by business (especially small and medium-sized companies) in areas affected by industrial restructuring and in rural areas. 10 million pesetas per year will be allocated to this program.

h) Programs of special action for sectors and geographical areas with high levels of unemployment will be established.

These actions aimed at increasing employment will be complemented with programs to protect the unemployed. To this end the Government will attempt to reform the unemployment system and will adopt measures to speed approval of the new legislation before Parliament. The new law is based on the following principles:

a) The duration of unemployment benefits will be determined by the periods of work under the unemployment insurance program.

b) The amount of the unemployment benefit will have a maximum and will decrease with time.

c) In cases of special personal and family circumstances, subsidy assistance will be established, the amount of which will be equal to a fraction of the minimum interprofessional salary.

While the present rate of unemployment lasts, the State will contribute up to 40% of the total amount of unemployment benefits, so as not to excessively increase the cost to employers and workers.

II. RESTRUCTURING AND IMPROVEMENT OF SECTORS IN CRISIS

In order to improve the financial situation and achieve higher rates of competitiveness and productivity, the Government will implement two types of action:

a) Reduction of financing costs, especially for enterprises in which structural and technological deficiencies are less important than their financial structures and which therefore have more possibilities of future survival when faced with international competition and integration into European markets.

b) This official support to financial improvement will be made selectively and conditioned on attaining the minimum objectives of competitiveness and productivity for each enterprise, which will require in the majority of cases a firm reorganization and a compromise in the salary structure.

These policies will acquire specific dimensions in the steel and shipping sectors.

a) Steel. To achieve levels of desirable competition, the steel sector must, on the one hand, develop its capacity for production in accordance with the anticipated evaluation of internal consumption and export possibilities; and on the other hand it must achieve a reduction of costs, which implies carrying out three types of action:

- Investment in new production processes.
- Investment to correct production imbalances.
- Realistic level of employment.

b) Shipping: In the shipping sector, the Government has already adopted during the past year a number of urgent measures to adapt the level of activity to the economic situation, as well as to provide financial resources for the construction of new ships.

These measures constitute a first step in a set of measures to be taken at medium term:

- Adjustment of production volume to anticipated demand.
- Increased competitiveness of ship construction.
- Beginning new activities toward diversification.

The aforesaid actions mean the adoption of a number of measures directed toward:

- Overcoming the strong deficits and improving the financial structures of big shipping construction companies.
- Establishing the financing of sales along the line of the international markets.
- Creating support mechanisms for ship construction along the lines practiced by European countries.
- Adapting the volume and structure of employment to the type and level of production anticipated at medium term.

III. FINANCING THE INVESTMENT PROCESS

The two main problems concerning the financing of investments are (1) the limited resources that may be used for such financing without generating inflationary pressure; and (2) the progressive increase in the cost of existing financing due largely to the high rate of inflation still existing.

These two main problems require action addressed basically to the stimulation of private savings and the improvement of financing channels, as well as maintenance of control of public financing so that its appeal to the Bank of Spain does not have an unfavorable effect in the private sector.

The changes introduced in the financing system during the past few years are intended to overcome the rigidities produced by previous policies and to accelerate the transformation initiated within a line of liberalization.

In the future, the Government will concentrate its

"The Government's goal will be to attain greater competition among financial entities as a requisite for achieving a more flexible and efficient financial system."

attention on three main areas:

1) Regulation of financial institutions.
2) Stock market reform.
3) Tax benefits on investments.

Regulation of financial institutions. The Government's goal will be to attain greater competition among financial entities as a requisite for achieving a more flexible and efficient financial system. Therefore the lines of liberalization initiated with respect to Spanish financial institutions, as well as to those from other countries requesting operation in our country, will be continued.

A reduction of the financial costs affecting enterprises at the moment will be encouraged, basically by limiting the middleman costs by bringing interest rates closer to the market rates and by favoring those public funds and private credits in which financial institutions are obliged to invest.

Compliance with all of the rules governing assets and liabilities of the deposit institutions will be checked. In particular there must be strict compliance with the conditions of term deposits, to avoid absorption of the resources which must normally be channelled through the capital markets. Thus the market will be temporarily stimulated, while the market mechanicams in medium and long term for financing investments are strengthened.

For six months, the reduction which is contemplated in the coefficient of investment of private banking will be suspended; after March 1, 1980, the process of reduction of the coefficient of investment will continue, at the rate of 1.10 points every two months. This will insure an additional financing of 70,000 million pesetas, addressed mainly to the equipment sector. At the same time, in order to reduce the differential interest between the operations included in the coefficient of investment and normal banking activities, the interest rates applied currently in such special operations will be raised by one point.

In the area of financial entities other than banks, the the line of liberalization already begun will continue, developing the regulations of savings institutions, credit cooperatives and financial institutions with a view to giving them greater efficiency and thus expanding the range of institutions acting within our financial system.

The official credit will encourage financing at adequate costs of the necessary processes of industrial reconversion required by our economy. Financing of the official credit will increase in the anticipated line of issues, according to market conditions.

The availability of mortgage money, in particular, will be developed through the Banco Hipotecario.

Stock market reform. With a view to insuring greater understanding of and more efficient operation of the market, modernizing its structure, and achieving a better integration of the stock market with the rest of the financial system, the Government intends to carry out the following actions:

- Reform of the interior regulations of the Stock Exchange, with the additional provisions necessary to regulate the following specific aspects: Public offerings; information required from the issuing entities whose stock is listed on the Exchange; the conditions under which the listing is accepted and continued; the conditions for qualified listing; and the rules for contracting and rates.
- Improvement of liquidation and compensation systems.
- Improvement and support of associations of stock brokers among themselves with with third parties.
- Encouragement of mediation activities in the fixed-rent market, with a view to stablizing quotations and activating the secondary market.
- Regularization of term operations along the lines usual in more developed financial markets.

Tax benefits on investments. The Government intends to use fully the possibilities of tax benefits on investments, as contemplated by the legislation in force. In this respect, the following actions will be implemented:

- Extension in the budget for 1980 of the limits of reduction of the rate of income tax, following a selective policy on investments.
- Periodic regularization and re-evaluation of the assets of individuals according to the changes in the prices affecting those assets. Regulations implementing the regularization of balance sheets as part of the current budget will be published shortly.
- The tax incentive contemplated by the Corporate Tax Law, permitting the deduction of a percentage of the value of an investment from the rate of the tax, will be applied in future budget laws.

In this connection, the maximum limits in force—15% to 20% in the case of investment programs related to employment—and the terms of rate deductions, will be adapted to the type of investment. A simplified procedure will be established so that these fiscal benefits may easily be applied to investments made by individual businessmen.

- A bill of Law on the Regime of the Institutions of Collective Investment will be presented in the Chamber of Deputies before December 31, 1979, in which a regulation on corporate pension funds will be contemplated.

CONTINUED ON PAGE 12

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IV. THE FOREIGN SECTOR

The foreign sector does not present itself on a short term basis as an element of curtailment of our growth. The enormous efforts of adjustment made since 1977 have enabled us to overcome the difficulties which, during the 1974-1976 period, had made the balance of payments one of the weakest points of our economy. However, the surplus obtained in 1978 and the one foreseeable for 1979 should not lead us to think that the foreign sector is no longer a priority area in economic policy. It is, for two reasons:

- First, because the structural conditions of our balance of payments, along with our dependence on certain imports such as oil, as well as on specific markets in which to place our goods and services, will cause any surplus situation to be temporary, with the possibility of its being substantially altered in the short term.
- Second, because the foreign sector brings to the economy, through the export of goods and services, not only resources required to attend to our import needs, but also employment and competition. According to national accounting data, using 1964 as a base, exports represented 5.5% of the Gross National Product, at market prices, in 1964, and 13.6% in 1978, in constant values. Exports through 1978 and to date in 1979, have been a very important element in generating activity and therefore employment. They will continue to have a very important role to play in this sense. Our growing exposure to world markets, which will inevitably increase as a consequence of our joining the Common Market, has contributed remarkably to the anti-inflationary program and has introduced additional elements of freedom and competition in an economy which badly needed them.

In the foreign sector, attention must be focused on commercial and customs tariff policies, as well as on exchange control.

CUSTOMS TARIFF AND COMMERCIAL POLICY

The guidelines for commercial policy will concentrate on:

- Integration into the EEC.
- Liberalization of imports.
- Support to exports.

Integration of Spain into the EEC. The first great challenge for Spanish commercial policy in the coming years is obviously integration into the EEC. According to the present schedule, negotiations for the signing of the treaty of adherence began in September, 1979 and may be extended for a year or a year and a half.

The adjustments necessary in commercial and customs policies are many and of varying importance and terms. There are, on one hand, questions of technical and administrative adaptation, and this general adaptation to Community rules should be made under the best possible conditions for Spain's economic interests. Our commercial and tariff regulations must be adapted to those of the EEC, but with sufficient flexibility so that the more sensitive sectors are not left unprotected at any time and that technical adaptation is compatible with the maintenance of our negotiating position.

Imports policy. Import policies will continue along the basic line of liberalization begun in 1978. The main objectives in this area will be:

- To eliminate the State Commerce within two years.
- To establish schedules, contingencies, compensatory rights and regulations for products excluded in the regime of State Commerce.
- To establish adequate measures for protection of sensitive products.
- To simplify as much as possible the administrative procedure for imports.
- To adapt Spanish customs tariffs progressively to the exterior common tariff of the EEC.
- To establish similar rules in the dometic market for imported products.

Exports policy. The policy of stimulating exports will be oriented in accordance with the following principles:

- Establishment of an adequate system of credit to exports, sufficiently funded.

The Council of Ministers has approved a Royal Decree modifying the regulation of credit to foreign purchasers or financial entities for the purpose of acquiring in Spain vessels, complete plants, equipment and products of Spanish manufacture.

This Royal Decree was passed for three reasons: a) it was necessary to adapt our legislation to the international agreements subscribed to by Spain on credit to exports; b) in order to fill certain gaps existing in the present legislation; and c), more important, to adapt the extension of credit to exports of medium and small enterprises.

The main modifications of the new regulations are: a) that savings institutions may include such credits within the coefficients of specially regulated loans; b) the minimum amount to be financed has been reduced from 50 million to 14 million pesetas; and c) the minimum payment to be made by the purchaser before delivery of the goods has been increased from 10% to 15%.

The Council of Ministers has also approved another Royal Decree modifying the regulation of credit on prefinanced exports of consumer goods, unfinished goods, and raw materials which are under a firm order. The

"Our growing exposure to world markets . . . has introduced additional elements of freedom and competition in an economy which badly needed them."

importance of this Decree lies in the confirmation of this type of credit to exports as a full option, as opposed to the system of circulating capital which the exporting company may dispose of to finance the period of manufacturing and marketing of goods to be exported under a firm order.

As a result of the new orientation given to this new type of credit, the minimum limit of 20 million pesetas and the limits for certain sectors have been deleted.

This type of credit is incompatible with the financing of circulating capital.

The term for the credit varies between three and six months.

- Expansion of the chain of commercial offices outside Spain and extension of commercial information services.
- Simplification and acceleration of the processing of tax rebates on exports in order to eliminate delays in receiving these amounts.
- Administrative simplification or elimination of export controls. In this context, the Council of Ministers has approved a Decree-Law on the Regime of Commerce and Procedure for Exports. According to this Decree, an export license will no longer be required in cases which represent a necessity of economic policy or a compromise with another country. The Decree also regulates a new system of control of export reimbursements.

These new regulations on exports bring our system into conformity with those of the EEC and the rest of the industrialized countries.

EXCHANGE CONTROL

The increasing orientation of Spain to the international economic and financial markets, and the future integration of our country into the EEC, make it necessary to liberalize and make more flexible the regulations of exchange control. In this context, the main lines of action will be the following:

a) Current invisible transactions. An Order of the Ministry of Commerce and Tourism has already been published on September 14, 1979, whereby the payments and money transfers from a number of transactions have been liberated. The main purpose of this Order is to substitute, in most cases, the requirement for prior authorization for that of mere verification; it also extends the activity of the Delegate Banks to increase the authorized limits for each operation. In general, the whole matter is systematic, and only those operations over the established limits and certain operations which have not been liberalized will require previous disclosure.

b) Foreign investments in Spain.

Actions will be taken to achieve:

- Simplification of the procedures relating to investments subject to prior administrative authorization.
- Extension of the current principles of liberalization favoring directing investments which create new jobs.
- The legal reforms necessary to adapt the current Spanish rules on direct and indirect foreign investments to the rules of the EEC.

c) Spanish investments abroad.

Following the principles established in the program, a Royal Decree has already been approved which simplifies the system in the following ways:

- As regards direct investments, administrative control will be reduced to the verification of the authenticity of the transaction and regularity of the opertion, without quantity of sectoral limitations. The proposed transaction must be accepted within thirty days, and administrative silence will be considered as approval of the operation.
- Regarding portfolio investments, the more outstanding features are those allowing banks, savings institutions and insurance companies access to foreign markets; and allowing Spanish residents to hold fixed securities in a foreign currency, issued by Spanish enterprises and international organizations of multilateral character of which Spain is a member.
- Direct foreign investments for the purpose of acquiring or holding securities, or the acquisition, holding or exploiting of real estate, are specifically excluded from the liberalization regime. The former restrictive regime shall therefore apply.
- The obligation to repatriate dividends, interest and utlities, as well as proceeds from liquidation of foreign investments, shall continue.

V. ECONOMIC BEHAVIOR OF THE PUBLIC SECTOR

In modern society, the State should supply a series of necessary basic services in order to avoid the imbalances which may be caused by a market economy. The quality and quantity of the services rendered by the State should continue to increase, but this does not necessarily mean a growth in the participation of the public budget in the national expenditure. It is necessary to introduce criteria of efficiency and to reorganize expenditures in order to finance the necessary services without inflationary distortions.

Public income. The basic financing by the subsector

"Intervention should have as its purpose the generation of important external economies..."

state of its autonomous organs proceeds from the tax system. This is the just and efficient system for this financing. Therefore, the continuation of the program of tax reform (which in 1978 produced the approval of two basic laws on Direct Taxation—the Income of Individuals Tax Law and the Corporate Tax Law) will be the criterion for the direction of tax policy on a medium-term basis, independent of the timely changes which may be needed. The following actions will be taken to continue and fulfill the process of tax reform:

- Development of the framework of direct taxes, in particular the regulations necessary for the application of the tax laws already approved.
- Acceleration of the legislative proceedings relating to the preliminary plans for succession and gift tax laws.
- Adaptation of the indirect taxes to the gradual introduction of the Value Added Tax, which will allow the employer's share of Social Security costs to be reduced, and at the same time unify and integrate the present indirect taxes on luxury items, turnover, and certain products. To these effects, Law 6/1979 of September 25, 1979, on the Transitorial Regime of Indirect Taxation on Business Turnover, the Luxury Tax and Special Taxes, has been approved and published and was in force from October 1, 1979.
- Fullest use of the treasury's administrative resources. In this respect, the objectives of the Government are to improve the territorial organization of the tax administration; to make full use of the Data Process Center of the Ministry of Taxes; to plan inspections; and to simplify the tax collection proceedings.

Public Expenditures. It is the intention of the Government not to limit the increase of current public expenditures. The Government will maintain the increase of current public expenditures in nominal terms, underwritten by the increase in the Gross National Product, and excluding the transfers from the State to the Social Security system.

It is also necessary for public investment to improve its relative participation in the total public expenditure and to address itself especially to those activities directly related to the creation of employment and the functioning of the private sector.

Given the growth forecast for the GNP at medium term, and the negative results of the crisis on the level of activity, public investment is important to the level of employment and to economic activity in general.

In any case, a ceiling for public investment levels will be formulated, on one hand, on a criterion of the proper financing of the deficit, and on the other on attaining an adequate distribution of financing between the public and the private sectors.

Control and efficacy of public expenditures. There are three problems which need direct and effective action:

a) Budget process. An administrative effort must be made to achieve increasingly greater transparence rates in public expenditure. This effort will be centered on the following actions:

- Direct budget programs in which expenditure decisions are evaluated in accordance with the desired objectives.
- Gradual introduction of zero-base budgeting, which entails the review of existing expenditure programs.
- Creation of budget offices in each ministerial department.

b) Improvement of budget controls. It logically follows that with the greater fiscal effort demanded of the taxpayer, an increase in the control of public expenses, both **a priori** and **a posteriori**, will require the use and perfection of new techniques, methods and procedures. This improvement will be made as follows:

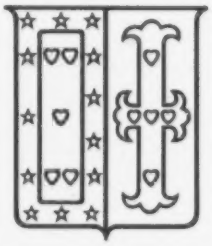
- Extensive changes of external control **a posteriori** of the execution of the budget through the Accounts Tribunal.
- Reform of the process of internal control through efficiency and financial controls and auditing.
- Formulation of a general plan of public accounting, including budget accounting and patrimonial, analytical and management accounting.

c) Increase in productivity. Since personnel expenses currently absorb around 45% of the budget of the public administrations, it is a Government priority to reduce these expenditures and to increase productivity. The following measures will be adopted at medium term:

- Increase in the mobility of personnel within the Administration, both vertical (administrative careers) and horizontal.
- Adoption of a realistic salary policy which will permit the selection of personnel in accordance with the functions to be performed.
- Expenditure guidelines for decisions on new services or the increase of existing ones.

Public Enterprise. Without damaging the principles contained in the planned Public Enterprise Bill of Rights, the Government has now established general economic directions for public enterprises in accordance with their economic situation and the current economic problems. In the future, the basic rule on the intervention of public enterprises in the national economy will be that such intervention should have as its purpose the generation of important external economies and functioning as a corrective instrument in present or potential imbalances of the market.

CONTINUED ON PAGE 16



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Except in unusual cases, creation of new public enterprises must be done in the future through legislation approved by Parliament. It is the Government's intention to include this general principle in the Public Enterprise Bill of Rights which will be presented to Parliament at the end of this year.

The financial balance of public enterprises should be achieved fundamentally through usual channels of market competitiveness, with subsidies only in exceptional cases. The policy will be continued of providing to public enterprises sufficient funds in order that they may turn to the traditional financial sources used by private enterprises as the privileged sources gradually disappear.

If a public enterprise temporarily incurs a loss through intervention in a crisis sector, the State will grant the necessary aid until the appropriate reorganization takes place in the General State Budget. The general budget of the State will fix annually the amounts to be used to subsidize public enterprises, without being able to resort to the system of extraordinary credits which jeopardizes the budget discipline which must govern the public sector.

Periodically the Government will sent to Parliament detailed information on the development of the most significant ratios, especially for those public enterprises which reflect a loss or which are subsidized by the State.

Public enterprises will adjust their relations with third parties to the principle of equality with private enterprises, in order to avoid discriminatory situations.

VI. SOCIAL SECURITY

It is the intention of the Government that the financing of Social Security expenses should not represent an additional charge on salaries, since that would increase the cost of salaries and discourage the creation of new jobs. Action will be based on principles of neutrality, increased contribution by the State, and a balance budget.

Neutrality: The charges of Social Security should not increase the cost structure of enterprises, and therefore:

- Every year the minimum and maximum rates will be updated in relation to the consumer price index.
- Rates shall progressively be based on real salaries.
- The present rate (14%) on extra hours will be maintained.

Increased State contribution: In the Moncloa Agreement, the Government undertook to increase the State contribution to the Social Security fund to 20% in 1983. Due to certain radjustments caused by transfer of competencies, the State contribution in the mutual budget of expenditures will be 17.5% for 1983 and 20% in 1984.

The State contribution to the financing of unemployment benefits will be 40%.

In order to reach a contribution of 20% of the Social Security expenditure in 1984, the State will transfer to the Social Security the entire amount obtained from the increased taxation.

Balanced budget: Social Security benefits will be financed in their entirety from contributions by employers and employees and from the aforementioned State contributions. □

Chairmen of Chamber Committees Appointed

The following have been appointed as chairmen of Chamber committees by Chamber President Felipe Propper de Callejon. Members who would like to volunteer their services or ideas for action are urged to contact the chairman of the appropriate committee.

MARKET STUDIES and BUDGET COMMITTEES:
Chairman: Luis Bonel, Unithal, Ltd.; 1451 Broadway, New York, N.Y. 10036.

U.S. INVESTMENTS IN SPAIN COMMITTEE:
Chairman: S. Robert Breitbarth; GK Technologies, Inc.; 500 West Putnam Ave.; Greenwich, Conn. 06830

GENERAL TRADE COMMITTEE:
Chairman: John E. Codina; John E. Codina Co., Inc., 535 Fifth Ave., New York, N.Y. 10017.

MEMBERSHIP COMMITTEE:
Chairman: Mr. Alfonso Gonzalez Escalera, Compañía Trasatlántica Española; c/o Kerr Steamship Co., Inc., 90 Washington St., New York, N.Y. 10006.

LEGAL COMMITTEE:
Chairman: Michael Greenberg; Graubard Moskovitz McGoldrick Dannett & Horowitz; 345 Park Ave.; New York, N.Y. 10022.

OCEAN & AIR FREIGHT MATTERS COMMITTEE:
Chairman: Mr. William Lombardo; Colony/Pitman Dreitzer; 1115 Broadway; New York, N.Y. 10010.

WINES COMMITTEE:
Chairman: Charles McBee; Schieffelin & Co.; 30 Cooper Square; New York, N.Y. 10003.

FOODSTUFFS COMMITTEE:
Chairman: Vicente Puig, Jr.; Vicente Puig & Co., Inc. 4 Rosol Lane; Saddle Brook, N.J. 07662.

SPEAKERS COMMITTEE:
Chairman: Frederick Tetzeli; Morgan Guaranty Trust Company; 23 Wall Street; New York, N.Y. 10015.

COMMITTEE TO SUGGEST TO THE BOARD OF DIRECTORS THE NAMES OF POSSIBLE CANDIDATES FOR CHAMBER PRESIDENT:
Chairman: José Peces Perezagua; Banco Español de Credito; 375 Park Avenue; New York, N.Y. 10022.

Emanuele Costa (left), Vice-President, Costa Line and Managing Director, Saudi National Lines inspects loading of MV KUDU in New York harbor with Capt. Catello Cimmino and William F. Burns (right), Vice President, Traffic.

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Proclamation Inaugurates Week of Spain in New York

Above, the 15th annual Week of Spain in New York is inaugurated with a proclamation by the City of New York, presented here by Reinaldo de Ferrer, New York City Health Commissioner, to Rafael de los Casares, Consul General of Spain in New York. From left to right are retired Judge Emilio Nuñez, Chamber Executive Director Mariano Baguena, Enrique García Herraiz, Director of the Spanish National Tourist Office in New York, Consul General de los Casares, Dr. de Ferrer, Deputy Mayor Robert Wagner Jr., Vice Consul of Spain Francisco Viqueira, Commercial Counselor Luis Sempere, and Antonio Carbajosa, Assistant Director of the Spanish National Tourist Office.

The Week of Spain in New York, October 8th to 16th this year, celebrated the discovery of the Americas by Spain.

THE HISPANIC PARADE (See cover photograph)

Highlight of the week's events and festivities was the traditional Hispanic-American parade up Fifth Avenue. One of the most outstanding among the parade's many floats was that of the Comite pro Monumento al Descubrimiento de America (Committee for a Monument to the Discovery of America), which was the result of contributions from a number of organizations including the Chamber. The Committee, headed by Consul General de los Casares, issued a statement pointing out that the float had been seen by thousands of persons and expressing the hope that this would provide exposure and impetus to the project for the erection in New York of a monument commemorating the discovery of the Americas by Spain—a monument which would be an homage not only to Spain but also to the Hispanic world. (For more information on the project address, Comite Pro Monumento al Descubrimiento, Casa de España, 314 East 39 Street, New York, N.Y. 10016).

Foreign Investment Will Make Spain a Major World Auto Exporter, Says Times Article

Ford, General Motors part of wave of foreign investment, while domestic investment declines

The General Motors Corporation's announcement in June that it would make its largest single overseas investment—$1.58 billion—in Spain was only the largest of an apparently unending series of announcements, said a feature story in the New York Times of July 9th.

Foreign investment reached a record level of about $1.2 billion in 1978, a 97% increase over 1977, the article by James M. Markham, Times Madrid correspondent, continued. "Yet Spanish businessmen, fretting over the uncertainties of democracy and troubled by holdover legislation which makes it difficult and costly to lay off employees, registered a net disinvestment in their own economy."

"It's paradoxical," the Times quotes Socialist leader Felipe Gonzalez, "that General Motors has more confidence in our stability and capacity for recovery than our own investors."

The new General Motors plants at Zaragoza and Cadiz, along with the "highly successful" Ford plant in Valencia, "will eventually make Spain one of the world's major automotive exporters," says the Times article. The Ford plant has already become Spain's largest exporter, exporting 89,183 Fiestas and 94,575 engines last year, as well as attaining its highest allowable (10%) share of the Spanish market.

The Markham story quotes unidentified sources as reporting that General Motors chose Spain because its labor situation was better than Britain's, and because the French Government, influenced by French automobile manufacturers, was unenthusiastic about a foreign manufacturer coming to France. A factor weighing in Spain's favor was that it expects to become a member of the E.E.C. during the early 1980s, whereas Austria was ruled out for a major share because it is not a member, although it will have a large engine plant.

THE SHOCK OF E.E.C. MEMBERSHIP

Common Market membership is expected to be a considerable shock to Spanish industry, says the Times, in particular to uncompetitive industries such as steel and some sectors of shipbuilding. "This is going to be more difficult for Spain than some businessmen here think," a foreign economist is quoted. A highly ranked Spanish Government official told the Times that "Our businessmen are in a state of shock. So much has changed for them. Before, if they had labor problems they just called the Civil Guard and had the troublemakers arrested. Now they have some foreign competition too."

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CURRENT LEGISLATION IN SPAIN

A SUMMARY OF SPANISH LEGISLATION PUBLISHED BETWEEN JULY 24th AND SEPTEMBER 22nd, 1979

ADMINISTRATIVE

1. Office of the Head of State. Royal Decree-Law 11/1979 of July 20, 1979, concerning urgent measures for financing Local Corporations. (Official State Gazette, July 24). This provision makes it possible for those Municipalities having the greatest financial imbalances to avail themselves, through the Fiscal License of Industrial Tax and the Tax on Personal Earned Income, as well as the Municipal Location Tax, of the increased revenue brought about by the raising of the amount of the municipal surcharge in the first two taxes and the quota per square meter in the latter. The allocation to the Municipal Cooperation Fund is also increased, by earmarking part of the revenue deriving from the consumption of certain fuels which, due to the origin and nature thereof, should have a particular influence on urban overground transportation. Consequently, in the local sphere, the classic principles are established of qualitative, quantitative and temporal specialization, gross budget and universality. In the application of this policy, the existence of sufficient budgetary credit is considered as a prerequisite for the validity and effectiveness of the obligations of Local Authorities, and obligations undertaken without sufficient budgetary credit are declared null and void by operation of law. Therefore, the consolidation in a single budget is required of the ordinary special budgets, the extraordinary budgets and the programs of those commercial enterprises in which the local corporation holds a majority capital interest, being attached as exhibits.

2. Ministry of Foreign Affairs. Agreement between the Government of Spain and the Government of the Republic of Portugal concerning the suppression of passports, signed in Madrid on April 17, 1979 (Official State Gazette, July 24, 1979).

3. Ministry of Education. Order of July 28, 1979, concerning religious education in infant and primary schools. (Official State Gazette, August 2nd). These provisions are temporary in character, but as from the next academic year, parents will be granted freedom to choose the religious and moral education to be given to their children in accordance with their own convictions.

4. Ministry of Finance. Royal Decree 1931/1979 of August 3, 1979, increasing to 210,000 million pesetas the limit for the issuance of investment bonds. (Official State Gazette, August 8, 1979).

5. Presidency of the Government. Royal Decree 1946/1979, of July 6, adopting certain measures aimed at reducing energy consumption for street lighting and commercial and luxury illuminations. (Official State Gazette, August 10, 1979). The luxury illumination of monuments, fountains, public buildings and similar edifices on working days is forbidden. On public holidays and on the eve of public holidays, illuminations will be restricted to ten o'clock at night in the months of October to March and to twelve midnight in the months of April to September. In no case may lights be switched on before sunset. The government or local authority may, depending on the circumstances, authorize the illumination of monuments due to special circumstances. Furthermore, the Decree forbids luxury illumination on the outside of private buildings. On working days, all commercial premises must switch off their shop-window lights, luminous signs and outside illumination at closing time, except for such lights as are intended solely to ensure the safety of the premises. On holidays and the eve of holidays, lights must be switched off at 10 p.m. during the months of October to March and at 12 p.m. during the months of April to September. Infringements will be penalized by a fine of from 5,000 to 100,000 pesetas. In the event of repeated infringements, the authority may order the closure of the premises for a maximum period of six months. This provision also specifies that heating in public establishments and official centers will be limited so as to coincide with the working hours, and an ambient temperature of twenty degress centigrade must not be exceeded.

6. Ministry of Industry and Energy. Order of August 3, 1979, approving the introduction of the "Document of Business Classification" in the building trade. (Official State Gazette, August 17, 1979). This Document will be required of persons engaging in activities in this field whether as builders, promoter-builders, contractors or sub-contractors, manufacturers, installers or suppliers of services. The Document will be valid anywhere in Spain, will expire after two years, and must be renewed prior to its expiration.

7. Presidency of the Government. Royal Decree 1970/1979, of August 14, modifying certain postal and telegraphic charges. (Official State Gazette, August 18, 1979).

8. Ministry of Education. Royal Decree 2193/1979 of September 7, regulating the inclusion in the educational system of the Balearic Islands of the insular

varieties of the Catalan language and of the culture to which they have given rise. (Official State Gazette, September 19, 1979).

9. Ministry of Territorial Administration. Royal Decree 2209/1979 of September 7, concerning transfers of responsibilities from the State Administration to the General Council of the Basque Country as regards Agriculture, Health and Labor (Official State Gazette, September 21, 1979). With respect to Agriculture, the responsibilities transferred to the General Council relate to vegetable sanitation and agricultural training. As regards Health, the transferred activities are those relating to bothersome, insanitary, noxious and dangerous establishments and industries, the sanitary control of drinking waters, waste waters and atmospheric pollution, epidemiological studies, surveillance and analyses affecting human health, sanitary programs for the protection and promotion of health, as well as education in matters of public health. Within these responsibilities, mention should also be made of the granting of the pertinent authorization for the construction, modification, adaptation or suppression of health centers, departments or establishments of any class or nature, and the sanitary control of the production, storage, transportation, handling and sales of foodstuffs, drinks and products relating to human nutrition. In the labor field, resonsibilities are transferred as regards opening permits for the commencement of labor activities in work centers, as well as for the granting of the appropriate authorizations for the resumption or continuance of work after the completion of major alterations, expansions or transformations of the premises and facilities of such establishments, the labor classification of firms and their work centers, approval of proposed internal regulations of firms, professional classification of workers, fixing or modification of wages, working hours and timetables, overtime hours and shifts, system of Sunday and weekly rest, employment of women and minors, distance and transport allowances, modification of working conditions, fixing of local labor holidays, and with respect to canteens, company or trade discount shops, and labor foundations. Responsibilities are also transferred with respect to safety and hygiene in work.

With respect to collective relations, the General Council of the Basque Country will discharge the responsibilities of the Ministry of Labor as regards collective agreements, strikes and lockouts; and it is also granted powers of mediation, conciliation and arbitration. It will take cognizance of, process and resolve upon collective dispute proceedings arising out of controversies relating to any of the subject matters transferred.

In connection with the cooperative movement, it will take over the responsibilities of examining, classifying and registering cooperative associations, notifying the Ministry of Labor of the registrations so made, advising these associations and supervising their compliance with the cooperative legislations.

The power to impose penalties in respect of infringements relating to the subject matters transferred will be of up to 500,000 pesetas. Within the general provisions of this Royal Decree, it is specified that where, for the discharge of any of the responsibilities transferred, the report of the Council of State is compulsory, this requirement shall be maintained. The legal system governing the acts of the General Council of the Basque Country will be adapted to the provisions of the Law on the Legal System of the State Administration and of the Law on Administrative Procedure. Against the decisions and acts of the General Council, an appeal for reversal may be filed prior to the contentious-administrative appeal. The legal system of appeals will be the system established in the Law on Administrative Procedure and the Law on the Contentious-Administrative Jurisdiction. The responsibility of the General Council will be enforced on the same terms as established in the legislation on the Legal System of the State Administration and on Compulsory Expropriation. It is further stated that the General Council of the Basque Country may delegate to the Provincial Authorities (Diputaciones) the responsibilities transferred under this Royal Decree, which responsibilities it commenced to discharge as from October 1, 1979.

10. Ministry of Territorial Administration. Royal Decree 2210/1979, of September 7, concerning transfers of responsibilities from the State Administration to the Generality of Catalonia as regards Agriculture, Culture, Health and Labor. (Official State Gazette, September 21, 1979). The responsibilities transferred to this pre-autonomous body are similar to those described for the General Council of the Basque Country.

11. Ministry of Education. Royal Decree 1981/1979, of July 20, regulating the inclusion of the Galician language in the educational system of Galicia. (Official State Gazette, August 8, 1979).

12. Presidency of the Government. Royal Decree 1999/1979, of June 29, approving a new text for the National Regulations on the Carriage of Dangerous Goods by Road (TPC), and establishing provisions supplementary thereto. (Official State Gazette, August 22, 23, 24 and 25, 1979).

13. Ministry of Education. Royal Decree 2002/1979 of August 3, regulating the inclusion of the Valencian language in the educational system of the Valencian Country. (Official State Gazette, August 23, 1979).

COMMERCIAL

1. Ministry of Economy. Order of August 21, 1979 concerning the investment coefficient of private banks. (Official State Gazette, August 23, 1979). This provides that for a period of six months the gradual reduction

contemplated in the compulsory investment coefficient of private banks will be in abeyance. The Order states that the investment coefficient which commercial and mixed banks are required to maintain as a minimum will be reduced by 0.10 points every two months as from March 1, 1980, until reaching 21% by July 30, 1982. Previously it was established that the reduction would proceed at the rate of 0.25 points every two months, so as to reach 21% by July, 1980. As a result of the freezing of the reduction of the coefficient, it will remain from September 1 until March 1, 1980, at 22% of the borrowed resources.

FISCAL

1. Ministry of Finance. Royal Decree 1919/1979, of June 29, regulating the special procedure for the declaration of fraudulence of the Law in tax matters. (Official State Gazette, August 6, 1979). Competence for resolving upon the special proceedings for fraudulence of the Law rests with the relevant Director General or with the Assistant Secretary of the Ministry of Finance. These special proceedings may be instituted as a consequence of inspections, or at the request of the tax assessment offices. The certificate must specify the circumstances and facts on which rest the conviction that the taxpayer has acted with the intention of evading a tax in fraudulence of the Law, and must indicate the provision infringed and the "covering" provision under which the taxpayer has attempted to "protect" himself. Evidence relating to the subject matter of the proceedings will also be attached. Once the declaration of fraudulence of the Law becomes final, the local office of the Ministry of Finance will be notified, so that it makes the necessary tax assessments by application of the provision of which evasion was attempted, the previous assessments made being annulled as a consequence of the new assessments deriving from the resolution of the proceedings. Nevertheless, fines may be levied for infringements found in the course of such proceedings.

LABOR

1. Ministry of Economy. Royal Decree 1955/1979, of August 3, concerning the review of the reference wage criterion established in Article 1 of Royal Decree Law 49/1978 of December 26. (Official State Gazette, August 14, 1979). As stated in the preamble, the fundamental objective of this provision is to avoid the recommencement of the costly process involved in the renegotiaion of agreements, as a result of the fact that the cumulative growth in the consumer price index for the first half of this year was 7.3%. In Royal Decree-Law 49/1978, the possibility was contemplated of a wage review if inflation exceeded 6.5% in the month of July, 1979. The Government, says the Decree, consistent with the policy of maintaining the workers' purchasing power, has decided that private companies and State enterprises may review upwards by 1.7% the amount of the gross wage packet (on a basis of equality, and excluding the Social Security contributions payable by the employer) agreed upon for the last six months of 1979. This recommendation excludes firms that have sustained losses, firms which, although their accounts show no losses, have offset such losses by means of subsidies, and firms whose gross wage packet per employee exceeded 750,000 pesetas in 1978.

INTERNATIONAL

1. Ministry of Foreign Affairs. Agreement on Cultural and Scientific Cooperation between the Kingdom of Spain and the Union of Soviet Socialist Republics, made in Moscow on January 19, 1979 (Official State Gazette, September 22, 1979). □

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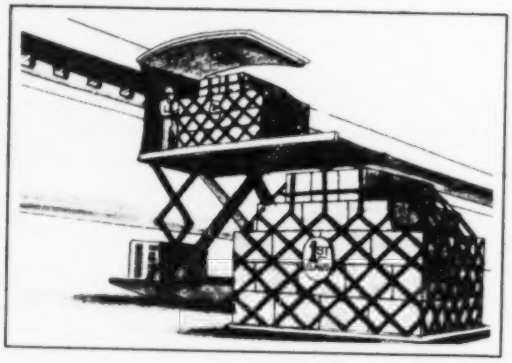

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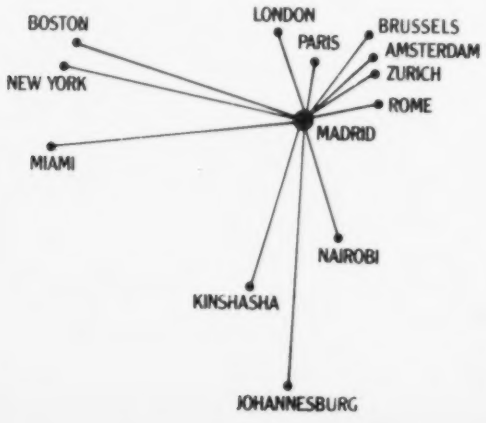

CARGO IBERIA

ANY CONTENT TO ANY CONTINENT.

By JAVIER PERALTA
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Banco de Vizcaya

An Outline of the Legal Framework for Foreign Investments in Spain

This outline was presented by Mr. Peralta at a seminar held recently by the Banco de Vizcaya at the Hotel Pierre in New York. Entitled "The Spanish Economy Today," the seminar was addressed by Federico Lipperheide, First Vice Chairman of the Board, and other senior officials of the bank.

I. LEGAL DEFINITION

Foreign investments in Spain are those made in this country by:

a) Private foreign individuals or legal entities, wherever they may reside.

b) Spanish individuals resident abroad.

c) Spanish companies with foreign participation in their capital (up to a certain percentage), through the incorporation of other Spanish companies or through the acquisition of shares in other Spanish companies.

The foregoing legal definition based only on the personal status of the investor does not define the term «investment», for a definition of which we refer to the different headings under the title «Forms of Investment». However it is necessary to mention at this stage that there are certain investments which are excluded from these regulations:

— The so called financial investments, credits and loans from abroad, which are subject to specific exchange control regulations.

— Investments made in Spain by foreign states or public agencies, always subject to prior approval by the Spanish Government, only granted on a reciprocity basis.

— Investments made in companies engaged in certain activities are governed by specific provisions without prejudice to the application of the general legislation on Foreign Investments in all respects not regulated therein:

a) Production of films.
b) Local broadcasting stations.
c) Newspapers and magazines.
d) News Agencies.
e) Publishing companies.
f) Mining.
g) Exploration and exploitation of hydrocarbons.
h) Banks.
i) Insurance companies.
j) Oil refining.
k) Air transport.
l) Shipping companies.
m) Concessions for the utilization of public waters.
n) Works, services and supplies destined to the State or autonomous agencies.

II. FORMS OF CAPITAL CONTRIBUTION

Foreign investments in Spain can only be made by means of any of the following forms of capital contribution:

1.—Foreign capital:

a) Foreign monetary contribution (Pesetas A or Pesetas B).

b) Direct contribution to a company of capital equipment of foreign origin (the maximum valuation thereof being the value fixed for the purpose of customs' duties).

c) Contribution to a company of foreign technical assistance, patents, or manufacturing licences (the contracts being subject to prior approval by the Ministry of Industry).

d) Any other form of foreign contribution is subject to prior Government authorization.

2.—Domestic capital:

a) Ordinary Pesetas (in the case of residents in Spain).
b) Internal Pesetas (in the case of non-residents).

III. MONETARY CONTRIBUTIONS

Before going any further, it is convenient to explain in more detail the different forms of monetary contributions, this being the most frequent.

(i) As explained above

— Foreign monetary contributions may be in the form of Pesetas A or Pesetas B.

— Domestic monetary contributions may be in the form of ordinary pesetas or internal pesetas.

(ii) Who may be a holder of each type of Peseta account according to the respective residential status:

— A RESIDENT may only be holder of ordinary peseta accounts. These accounts are not convertible. Neither are they transferable abroad.

— A NON-RESIDENT may only be a holder of the following types of Peseta Accounts:

1.—*Foreign currencies*, any of the currencies admitted for quotation in the Spanish Official Currency

Market). These accounts may be used for the purpose of a foreign investment in Spain by conversion into Pesetas A.

2.—*Pesetas B* (convertible pesetas). These are fully convertible into any of the foreign currencies admitted for quotation.

The following are the only operations which may be made with a peseta B account:

— TO CREDIT:

- Pesetas obtained in Spain which are transferable abroad (for instance, payment for imports in Spain, denominated in Pesetas; returns from foreign investments the transferability of which is authorized; any other invisible payment which is authorized).
- Accrued interest on the account (currently suspended by decree of the Government, June 1978).
- Transfers from other accounts of the same nature.

— TO DEBIT:

- Any payment in Spain (for instance, Payments for Spanish exports denominated in Pesetas, payments for foreign investments in Spain, any legal invisible payment made in Spain).
- Transfers from other accounts of the same nature.

3.—*Pesetas A* (Pesetas for payments in Spain). These pesetas are not convertible and are only generated through conversion of foreign currencies. Peseta A accounts may only be utilized for payments in Spain.

The following are the only operations permitted:

— TO CREDIT:

- Pesetas equivalent of foreign currency sold in the official currency market.
- Accrued interest on the account (at present time suspended).
- Transfers to accounts of the same nature.

— TO DEBIT:

- Any payment in Spain in exactly the same conditions as in the case of peseta B accounts.
- Transfers to other peseta A accounts.

4.—*Internal pesetas.* The opening of these accounts is always subject to prior authorization from the Directorate General of Foreign Transactions (DGFT).

These accounts were created in order to hold the amounts in pesetas which, having been obtained in Spain by non-residents, are not transferable abroad (For instance, a foreign investor purchases a house. Later, he sells it and obtains a sale price substantially higher than that which he paid for. The DGFT may consider this as a result of a speculative activity and consequently deny the right of transferability. Such a sale price, in as much as it is considered speculative, shall remain as «internal pesetas»: See «Investments in Real Estate», below).

Internal pesetas are not convertible, but in some cases and subject to certain requirements, may be utilized for certain investments in Spain which may be transferable abroad (see below «Direct Investments» and «Portfolio Investments»).

The following are the only movements which are permitted by law in an internal peseta account (any other operation being subject to prior approval by the DGFT).

— TO CREDIT:

- The sale price of real estate when such property has been purchased with internal pesetas. The difference between sale price and purchase price of real property, although purchased with foreign monetary contribution, when the sale is considered by the DGFT to be the result of a speculative activity. (See «Investments in Real Property», below.)
- Sale price of securities sold on a stock exchange if purchased with internal pesetas and sold before expiring three years from the date of purchase.
- Accrued interest on the account.
- Transfers from other internal peseta accounts.

— TO DEBIT:

- Living expenses incurred in Spain by the holder of the account or by persons within second degree of kinship. If the holder is a legal person, the living expenses of the executive officers of the firm.
- Purchase price for real estate for the personal use of the account holder.
- Purchase price for securities bought on the Stock Exchange.
- Transfers to accounts of the same nature.

IV. THE RIGHT OF TRANSFERABILITY ABROAD

When examining the different forms of foreign investments admitted by Spanish law, we shall see in more detail the conditions by which the returns and the proceeds of the disposal of the investment may be transferred abroad.

However, two general conditions must be stated in advance:

a) The investment must have been made by means of foreign capital contribution (Except for certain investments made with internal pesetas. See «Direct Investments» and «Portfolio Investments», below).

b) The investment must have been declared for registration at the Register of Foreign Investments of the DGFT.

V. THE REGISTER OF FOREIGN INVESTMENTS

The following persons are under obligation to declare foreign investments as well as the disposal thereof for Registration on the Register of Foreign Investments:

a) The holders of foreign investments.

b) The public officers (notaries public or stock-brokers, whose intervention is mandatory) certifying any of the transactions qualified as foreign investments.

c) The Authorized Banks through which the transaction is to be carried out.

This declaration is made on standard printed forms pro-

vided by the DGFT.

The right of transfer abroad is conditional upon this declaration having been made and «shall become applicable as from the time the investment has been duly declared for registration».

Through this Register the DGFT supervises and controls the fulfilment of the applicable provisions in the matter, especially as regards the limitations on percentage of foreign participation in Spanish companies.

VI. FORMS OF INVESTMENT

1. DIRECT INVESTMENTS

Direct investments are those made by way of a participation in the capital of a Spanish company, whether or not represented by shares and whether it is a company to be incorporated or already incorporated.

Investments in Spanish companies made through acquisition of shares through the Stock Exchanges are excluded and have their own specific regulations as seen in «Portfolio Investments».

Direct investments may be freely made up to 50 % of the capital of the Spanish company. If as a consequence of a direct investment the foreign participation exceeds 50 % of the Spanish company, prior authorization from the Council of Ministers shall be required. There are companies engaged in certain business activities in which the maximum percentage is restricted (For instance, public services, to 25 %). Any investment which exceeds such percentage of foreign participation shall require prior government authorization.

There are certain exceptions to this abovementioned limitation:

a) A foreign participation of up to 100 % is permitted, without prior authorization, in companies engaged in manufacturing capital equipment, being this their exclusive corporate purpose.

b) Direct investments in Spanish companies up to 100 % if the following requirements are met. (The need for prior authorization being substituted for a simple communication to the DGFT, which if not contested within 90 days, gives the investor the right to make the investment without further authorization and without limit).

— The investment must be made by means of foreign contribution.

— The capital of the Spanish company must be increased by at least 100 million pesetas.

— The Spanish company may not make payments of royalties to the investor nor to any of the investor's affiliates.

— The memorandum of the investment (attached to the above mentioned communication to the DGFT) must contain the following committments which are binding on the company:

- To create at least 100 jobs within the first year.
- To have a positive balance of foreign currency from the end of the first year onwards (more payments received from, than made abroad).

Forms of capital contribution

Direct investments may be made by means of the following forms of capital contribution:

a) Any foreign contribution (monetary, capital equipment, technical assistance, patents, or manufacturing licences).

b) Ordinary pesetas (in the case of foreign individuals residing in Spain).

c) Internal pesetas, in the case of non-residents, with prior authorization.

Transfer abroad of the returns and proceeds resulting from the disposal of direct investments

a) When the investment has been made by means of foreign contribution, the transfer abroad of the returns of the investment (dividends and proceeds of the sale of subscription rights) as well as the proceeds of its disposal is free without any requirement other than the declaration to the Register of Foreign Investments.

b) Direct investments made by foreign individuals residing in Spain in ordinary pesetas are not transferable.

c) Direct investments made with prior authorization, by non-residents, in internal pesetas may be transferable abroad subject to the following:

(i) The returns of the investment are transferable from the very moment they accrue (unless otherwise stated in the authorization).

(ii) The proceeds resulting from its disposal may be transferred abroad if the investment in question is maintained by the holder for a period of time exceeding three years, otherwise such proceeds shall have to be credited back to an internal peseta account.

Direct investments made by Spanish companies with foreign participation

As previously stated above, investments made by Spanish companies with foreign participation are considered as foreign investment according to the following rules:

— Investments made by Spanish companies with less than 25 % foreign participation, shall not be considered as foreign investments.

— Investments made by Spanish companies with foreign participation from 25 % to 50 %, shall be foreign investments in the same proportion of such participation in the investing company.

— Investments made by Spanish companies with a foreign participation exceeding 50 % shall be considered as one hundred per cent foreign investments.

— However, investments made by Spanish companies with a foreign participation from 25 % to 50 % may be considered as 100 % foreign investments when the foreign partners maintain a position of dominance in the company (the verification of such fact is carried out in accordance with the formalities established in the Law of Administrative Procedure).

Access to local credit by Spanish companies with foreign participation

Spanish companies with a foreign participation in their capital are subject to limitations with respect to the amount of medium and long term local financing they may obtain, in accordance with the following rules:

a) If the foreign participation does not exceed 25 %, there is no limitation and the company in question may obtain local financing on the same terms and conditions as any other Spanish company.

b) If the foreign participation exceeds 25 %, the maximum amount of local financing obtainable is 50 % of its paid-in capital plus reserves.

c) However, any amount of local credit may be obtained with the prior approval of the Ministry of Finance.

Such prior approval for obtaining financing above the general limitation is not required if the company previously or simultaneously obtains foreign financing on similar terms and in an amount, at least, proportional to the percentage of foreign participation in its capital.

d) For the purpose of this limitation the following forms of financing shall not be taken into account, even if the borrowing company has a foreign participation of more than 25 %:

(i) The discounting of drafts representing the deferred portion of the price of movable goods manufactured in Spain provided such goods are manufactured by the company concerned or by another company with which it is linked by reason of either of them holding more than 50 % of the other's capital.

(ii) Credits or Loans obtained for the financing of exports.

2. PORTFOLIO INVESTMENTS

Portfolio investments are those made through acquisition of shares admitted for official quotation on the Stock Exchanges, as well as acquisitions of government securities, private fixed-income securities and participation in Portfolio Investment Funds (PIF).

The acquisition of shares and private fixed-income securities convertible into shares admitted for quotation on the Stock Exchange by foreigners (whether individuals or legal entities) and non-resident Spanish individuals may not result in a foreign participation in a given company of more than 50 %, unless prior authorization from the Government is obtained.

The acquisition of government securities, private fixed-income securities (non convertible into shares) and participations in PIF is not subject to limitations.

Specific limitations may be applicable in the case of companies engaged in the activities referred to on page above.

The declaration of portfolio investments corresponds to the stockbrokers and Authorized Banks intervening in the transactions, which have to submit weekly a list of the portfolio investments transacted during the preceding week. These lists do not state the name of the investor.

Forms of capital contribution

The following are the forms of capital contribution permitted by law in portfolio investments:

a) Foreign monetary contribution (Pesetas A or Pesetas B).

b) Internal pesetas, in the case of non-residents, without prior specific authorization.

c) Ordinary pesetas, in the case of residents (foreign individuals residing in Spain and branches of foreign companies established in Spain).

Transfer abroad of dividends and of the proceeds resulting from the disposal of portfolio investments

a) When the investment has been made with foreign monetary contribution, the holder is entitled to transfer abroad all dividends and the proceeds of the sale of subscription rights as well as the proceeds resulting from the disposal of the investment including any capital gains.

b) When the portfolio investment has been made with ordinary pesetas no transfer abroad may be made.

c) When the portfolio investment has been made in internal pesetas:

(i) Dividends and proceeds from the sale of subscription rights are transferable the moment they accrue.

(ii) Proceeds from disposal of the investment are transferable if said investment has been maintained by the holder for more than three years; otherwise such proceeds must be credited back to an internal pesetas account.

3. BUSINESS ACTIVITIES OF NON-RESIDENTS

Under this heading the law permits the following forms of investments:

a) The creation, functioning and operations in Spain of establishments or branches of foreign companies.

b) The business operations carried out in Spain by non-resident individuals.

These investments always require prior authorization from the DGFT and whereas the creation of branches of Spanish companies in Spain and the setting up of individual firms do not require the execution of a public deed and the registration thereof on the Mercantile Register, branches of foreign companies and businesses of non-residents do need to comply with such formal requirements.

Forms of capital contribution

The contribution must always be made under the form of foreign contribution.

Since all investments of this nature are subject to prior authorization from the DGFT it is the competence of this Directorate General to authorize the form of foreign contribution that the prospective investor may request in his application.

Transfer abroad of profits

The authorization for establishing a branch of a foreign company or a firm of a non-resident individual, shall establish the maximum amount that may be transferred abroad annually.

Within the limits set forth in the authorization, the following items shall be transferable.

a) Profits of the branch or establishment.

b) Participation in the general expenses of the head office.

c) Other financial items which are owed to the head office.

For the purpose of an adequate control by the DGFT, every month of January, the branch or establishment shall submit to said Directorate General the following «liaison account» with its head office:

PESETAS

(i) Capital assigned to the branch ... ...

(ii) Non-refundable contributions from head-office ... ...

(iii) Reserves ... ...

(iv) Loans granted by head-office (refundable).

(v) Profits of the branch not transferred, broken down by years... ... ...

(vi) Participation in the general expenses of the head-office ... ...

(vii) Other financial items owed to head-office and not transferred, broken down by years.

TOTAL IN FAVOR OF HEAD OFFICE ...

(viii) Losses of the branch, broken down by years.

(ix) Other financial items due from head-office, broken down by years ... ...

TOTAL DUE FROM HEAD OFFICE ... ...

Within the limits set forth in the authorization, the following items shall be transferable.

a) Profits of the branch or establishment.

b) Participation in the general expenses of the head office.

c) Other financial items which are owed to the head office.

For the purpose of an adequate control by the DGFT, every month of January, the branch or establishment shall submit to said Directorate General the following «liaison account» with its head office:

PESETAS

(i) Capital assigned to the branch ... ...

(ii) Non-refundable contributions from head-office ... ...

(iii) Reserves ... ...

(iv) Loans granted by head-office (refundable).

(v) Profits of the branch not transferred, broken down by years... ... ...

(vi) Participation in the general expenses of the head-office ... ...

(vii) Other financial items owed to head-office and not transferred, broken down by years.

TOTAL IN FAVOR OF HEAD OFFICE ...

PESETAS

(viii) Losses of the branch, broken down by years.

(ix) Other financial items due from head-office, broken down by years ... ...

TOTAL DUE FROM HEAD OFFICE ... ...

Formalities to be observed in the application to establish a branch of a foreign company

The application is to be filed with the DGFT together with the following documents:

a) A memorandum setting forth information on the foreign company: name, registered office, nationality, corporate purpose, amount of capital and reserves and management bodies.

b) A declaration stating whether or not such foreign company holds interests (participations) in other Spanish companies as well as stating whether the foreign company receives royalties from any such Spanish company.

c) A draft of the deed of incorporation of the branch setting forth: Name, registered office in Spain, amount of capital allocated to it by its head office, representatives and managers.

d) A memorandum stating in detail the specific activities to be carried on by the branch in Spain.

In the case of business activities of non-resident individuals the application must be filed together with a memorandum of activities to be carried on as well as any other information which may be relevant.

4. INVESTMENTS IN REAL ESTATE

Under this heading are included all investments made by way of acquisition of rural and urban real estate, provided that

a) Such acquisition is made by means of monetary contribution.

b) Such acquisition does not constitute of itself a business activity of a non-resident (in which event such investment shall come under the preceding heading).

General Limitations

Real estate may not be purchased or otherwise acquired without previous authorization, when

(i) The area to be purchased exceeds four hectares (approximately ten acres) of irrigated rural land or twenty hectares (approximately fifty acres) of unirrigated rural land.

(ii) Prior authorization from the Ministry of Defense is required when the land to be purchased is located in zones of strategic interest (Balearic Islands, Strait of Gibraltar, Galicia, Canary Islands, Spanish territories in North Africa).

Apart from the aforementioned limitations, real estate may be acquired without prior authorization when, as explained, such acquisition does not constitute of itself a business activity of a non-resident.

When acquisition of real estate is considered to constitute business activity

(i) In the case of a foreign individual

- The acquisition of rural land of whatever size.
- The acquisition of urban land (lots), except parcels of land under 5.000 m.² of area and for the purpose of building a dwelling for the personal use of the investor.
- The acquisition of more than three apartments in a sole building.
- The acquisition of more than three commercial premises or any number of commercial premises the areas of which together exceed 200 square meters.

(ii) In the case of foreign companies, any acquisition of real estate is deemed to constitute business activity and therefore subject to legal provisions governing such form of investments.

Consequently, the special regulations governing foreign investments in real estate are reduced to regulating the following acquisitions by individuals:

- Acquisitions of lots or parcels or urban land not exceeding 5.000 m.² for construction of single family dwellings and for the purchaser's own use.
- Acquisition of lots or parcels or urban land by a community of foreign purchasers (whatever size) for the construction of buildings to be used as dwellings, provided none of the common owners (being non-resident foreigners) becomes owner of more than three dwellings in a building.

When the sum of quotas held by non-resident foreigners exceed 50 % of the total area of the land or building, prior authorization from the DGFT is required.

- Acquisition of three or less dwelling in a building.
- Acquisition of three or less commercial premises provided they do not exceed 200 square meters.

Dwellings and commercial premises when acquired with foreign monetary contributions may be rented out to third parties.

Forms of capital contribution

As already mentioned, investments in real estate must be made by means of monetary contribution:

(i) In pesetas A or pesetas B in the case of non-residents, without prior authorization.

(ii) Ordinary pesetas, in the case of foreigners residing in Spain, without authorization.

(iii) Internal pesetas (non-residents), without prior authorization, provided that it is urban real estate for the investor's own use, leases to third parties not being allowed.

Transfer abroad of returns and proceeds resulting from the disposal of real estate investments

a) When the investments has been made by foreign monetary contribution, the investor, provided he is a non-resident at the time he intends to make the transfer abroad, is entitled to transfer:

— Rental incomes, if any, provided that the property is fully paid and that all taxed thereon have been satisfied.

— Proceeds of sale (including capital gains), provided the sale price is not a consequence of a speculative activity (in which event such price shall have to be, in whole or in part, depending on the DGFT's resolution, credited to an internal peseta account); and provided that the purchaser is a resident in Spain and payment of the sale price is therefore made in ordinary pesetas.

If the purchaser is not a resident in Spain the investor (now the seller) shall still be entitled to transfer abroad if payment of the sale price is made in Spain by means of a foreign monetary contribution.

b) When the investment has been made in internal pesetas:

— No rental income shall accrue since properties so acquired may not be leased.

— Proceeds of sale, are not transferable and must therefore be credited to an internal peseta account.

It should be noted that any foreigner willing to invest in real estate in Spain must be advised not to follow the usual and long established practice of stating in the purchase deed a price substantially less than the real price with the intention of reducing the tax on transfers (Impuesto de Transmisiones Patrimoniales). This might result in serious damage to the investor since the amount transferable abroad is that stated in the deed of sale. If the difference between purchase and sale price is substantial, the DGFT shall deem the existence of a speculative activity and consequently deny the right of transfer of the sale price.

On the other hand, the basis for assessment of Transfer Tax is not the price declared in the deed but the value of the property as assessed by the Ministry of Finance itself.

Mortgage Loans to non-residents

Authorized Banks may grant mortgage loans to individual non-residents, in pesetas, for the purpose of purchasing dwellings, subject to the following:

a) Such mortgage loans may only be applied to payments made to a Spanish person resident in Spain for newly-constructed buildings.

b) They may not be granted on more favorable terms than those generally applied to similar loans granted to residents.

c) They must be repaid by foreign monetary contribution.

d) They must be used for the payment of the property that is mortgaged.

VII. OTHER FORMS OF INVESTMENTS

Any other form of investment not specifically contemplated in the legislation currently in force, shall be subject to prior authorization and any right of transferability of the returns or of the proceeds resulting from the disposal thereof shall be specified in the respective authorization.

VIII. FOREIGN INVESTMENTS BY WAY OF INHERITANCE

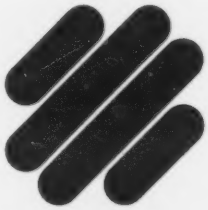
When a person, whether individual or corporation, who comes under the definition of foreign investor, becomes the owner of any of the investments herein contemplated, the following two situations may arise:

a) Where the deceased was not a foreign investor the heir shall require authorization for:

(i) Transferring the assets so acquired to any person who falls under the definition of foreign investor.

(ii) Transferring abroad the returns and the proceeds of disposal of the assets so acquired.

b) Where the deceased already was a foreign investor and had made the investments with foreign contribution or with internal pesetas, the general rules herein explained shall apply.



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FINDING YOUR "PLACE IN THE SUN"

"The best advice for the first time aficionado is: see good fighters when possible. . . and buy the least expensive seats available. . ."

By CHARLES OCHELTREE

"Tendido" or "andanada"? "Sol" or "sombra"? That is the question. Just where should one sit for the afternoon spectacle, the bullfight?

It may be comforting to know that for millenia the same question has befuddled visitors to Spain. It is said that the Romans brought the art to the peninsula as part of the Mythraic cult. Today, the "Fiesta Nacional" is considered such a vital ingredient in the mixture that is Spain that almost every visitor has experienced the color, excitement and sense of imminent danger of the bullfights on a Sunday afternoon, or at a fair anytime during the summer season.

Choosing where to sit becomes an important decision, especially considering the tremendous effect it can have on the cost. The best seats in the house are called "barrera" (front row), in the "sombra" section (the shady side of the ring).

But is it really necessary for an American, with little or no knowledge of the art of the bullfight, to buy the best seats? Not at all! As a matter of fact, for the inexperienced the perfect seats are the furthest away, usually called, in larger rings, "andanada." From far away, the newcomer has a view that can encompass the flow and movement of the action, which is more understandable from a high vantage point. And the realities of bullfighting are less graphic than when seen from close range.

The first decision that must be made, however, is between the three sections of the bullring—"sombra" (shade), "sol" (sun), and "sol y sombra" (a little of both). Some people enjoy basking in the afternoon sun (most fights occur in the late afternoon—5 or 6 p.m.), while others can't stand the heat and pay a premium for the privilege and status of shade. The sun and shade ("sol y sombra") sections give a little of the best of both worlds, and are priced accordingly. Remember, though, that the cheap seats in the sun are much the same as the bleachers at a baseball game—the crowd there is lively, open, mostly Spanish, and very vocal.

Keeping in mind that "sombra" is the most expensive, "sol y sombra" less so, and "sol" the least expensive of each type of classification, the basic types of seating arrangement are "barrera" (front row), "contra-barrera" (right behind "barrera"), "tendido bajo" (lower grandstand), "tendido alto" (upper grandstand) and "andanada" (upper deck).

With the tremendous number of bullrings in Spain, varying from portable rings to the mammoth giants in Madrid and Barcelona, it is difficult to assign precise price tags to seats. In addition, the charge for seats in any given "plaza" (bullring) change according to the stature of the "toreros" performing. Prices can range from under $2.00 for "andanada" to $7.00-$10.00 for "tendidos," to $50.00 and up in the "barrera" and "contra-barrera" league.

The best advice for the first time aficionado is simple: see good fighters when possible (the price difference is worth it) and buy the least expensive tickets available, after considering the options—sun, shade, or a little of both.

Several pointers to remember when setting out to find your place in the sun (or shade): Tickets can be purchased at the bullring on the day of the fight, or from ticket offices in town the day before. There are also legal resale establishments in booths near the ring where tickets are sold at a 20% premium. The concierges at top hotels are also a reliable but more expensive source.

And, finally, a note on etiquette. It is illegal to enter or leave the seating area while there is a live bull in the ring. If you arrive late (and bullfights are notorious for beginning right on time), the doors may be closed until the first fight is complete. If you must leave before the afternoon (consisting of six bulls) is finished, wait until there is a pause between bulls; it is the proper thing to do.

For comfort, cushions are sold for less than 50 cents. Play it smart and buy one, otherwise your concrete seat will get awfully hard. Ushers who direct you to your place usually expect a tip of 10 to 15 pesetas; it doesn't hurt to oblige.

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News in Brief . . .

Antonio Garrigues Walker and General Motors Executive to Address November Luncheons

November will be an eventful and exceptionally interesting month for the Chamber. On Tuesday, November 13th, the distinguished Madrid lawyer Antonio Garrigues Walker will address a luncheon in his honor at the Pierre on the subject, "Spain in the 'Eighties." An old friend of the Chamber, Mr. Garrigues Walker is a senior partner in the Madrid law firm of J. & A. Garrigues, and in 1978 was appointed World President of the World Association of Lawyers. In September of 1979 he was presented with the World Lawyer Award at the annual conference of the World Peace Through Law Center, which was held in Madrid.

On Tuesday, November 27th, Howard H. Kehrl, Executive Vice President of the General Motors Corporation with Responsibility for Overseas Group and Technical Staffs, will be the guest of honor at a luncheon of the Chamber, also at the Pierre. His topic will be "General Motors and Spain—A New Era for the Auto Industry."

General Motors will build plants at Zaragoza and Cadiz, making an investment of $1.58 billion—the largest single overseas investment in the company's history. (See "Foreign Investment Will Make Spain a Major World Auto Exporter," on page 18).

Eximbank Announces Small Business Advisory "Hot-Line"

As part of the President's National Export Policy, The Export-Import Bank of the U.S. (Eximbank) has installed a toll-free "Hot-Line" to provide on-the-spot advice and assistance in answering questions about export financing. The service is expected to be especially useful to small businesses exporting for the first time, which often require assistance in their search for competitive export financing.

Exporters who have questions about which Eximbank financing program could be most effectively used, how to apply for Eximbank assistance, where to find export credit insurance, or how to make maximum use of complementary assistance programs offered by other U.S. government agencies may call the "Hot Line" number: **(800) 424-5201.** An Eximbank Business Affairs Officer will be at the other end of the line.

Angier Biddle Duke Appointed U.S. Ambassador to Morocco

Angier Biddle Duke, President of The Spanish Institute, has been appointed United States Ambassador to Morocco. Ambassador Duke has served previously as U.S. Ambassador to Spain, Denmark and El Salvador.

U.S. Government Welcomes Foreign Investment, Says New Citibank Investment Guide

The chance of a major change in the U.S. government's open-door policy toward foreign direct investment is remote, according to a newly-published 72-page investment guide to the United States, published by Citibank. The guide notes that government at all levels welcomes such investment.

Thanks in part to the U.S. government's favorable policy, the guide continues, the value of foreign direct investments in the U.S. has grown at an average annual rate of nearly 18% since 1973, compared to 7% annually from 1950 to 1972. At the end of 1978, the total value of these investments was $40.8 billion, according to the Department of Commerce. This reflects primarily foreign direct investors' equity in, and outstanding loans to their U.S. affiliates, as well as reinvested earnings of incorporated affiliates.

When sums raised in the U.S. by U.S. affiliates of foreign-based companies are included, however, the total is several times higher than the value as defined by the Commerce Department, according to the Citibank guide.

The United States market is the biggest in the non-Communist world, the investment guide points out, with a population of 220 million and a gross national product equal to that of Canada, Japan, the United Kingdom, West Germany, France and Italy combined. Although it is complex, rather than being one vast monolithic market, the U.S. can be considered as a group of regional markets. In additional to describing these regional markets in some detail, the guide offers an overview of the U.S. economy and also discusses the first steps involved in entering the U.S. market, as well as aspects of government and the law, financing, and living and working in the United States.

Illustrated with charts, tables and color photographs, the Citibank guide is intended primarily for

managers of companies abroad who are considering direct investment in the United States. Included is advice and information on a wide range of practical matters, from obtaining a visa and renting an office to acquiring a company and issuing stock, plus such important personal concerns as housing, cost of living, personal income taxes and schooling.

A copy of the guide can be obtained by writing to Citibank, N.A., 399 Park Avenue, New York, N.Y. 10043, Attention: Neil Gluckin, 18th Floor.

Chamber Urges Contributions for Dominican Republic Relief

At a recent meeting of the Board of Directors of the Chamber, it was resolved to ask Chamber members to contribute to the relief of the Dominican Republic, which was devastated in late August by Hurricane David, leaving hundreds of thousands homeless and the economy of the country in chaos. While various government and private agencies are sending help, more is needed, according to those familiar with the situation.

Members who can contribute money, food or other supplies are urged to contact Vicente Puig, Jr. at Vicente Puig & Co., Inc., 4 Rosol Lane, Saddle Brook, New Jersey 07662—Telephone (212) 993-2246. Mr. Puig has volunteered to coordinate the efforts of Chamber members by surveying the organizations involved in sending aid and determining how contributions from Chamber members can be channeled most effectively.

It was pointed out at the board meeting that since Spain is the mother country of the world's Spanish-speaking nations, the plight of the Dominican Republic is in effect a "family affair" to Spanish-related organizations.

New "U.S. Import Weekly" to Cover U.S. Import Laws, Policy

International Trade Reporter's "U.S. Import Weekly", a new comprehensive notification and reference service offering readers a continually updated source of information on all important aspects of U.S. import law and policy, will begin publication in November, 1979.

According to the publisher, Bureau of National Affairs, Inc., the new publication will cover in detail the basic rules and current developments affecting dumping, countervailing duties, "Buy American" rules, adjustment assistance, duty-free imports from developing nations, "escape clause" relief, and other major import issues, as well as the fundamental Customs rules of classification, valuation, marking, and other regulations. Chief Editor of the new service is Eugene T. Rossides, former Assistant Secretary of the Treasury for enforcement, tariff and trade affairs and operations.

The price of "U.S. Import Weekly" will be $450 per year. Further information may be obtained by addressing: Mr. William J. Barnhard, Managing Editor, U.S. Import Weekly; the Bureau of National Affairs, Inc.; 1231 25th Street, N.W.; Washington, D.C. 20037. Telephone (202) 452-4426.

Martin Gamero New Spanish Ambassador to Switzerland

The many Chamber friends of Adolfo Martin Gamero, who served as Consul General of Spain in New York from 1968 to 1972, will be interested to learn that he has been appointed Ambassador of Spain to Switzerland.

N.Y. Times Features Wines of Torres Family of Penedes

Under the heading, "Spanish wine: Things are looking up," New York Times columnist Frank J. Prial devoted an entire column on September 12th to the Torres wine family of Penedes, the wine-growing area near Barcelona. "When it comes to Spanish wines—and it is coming to them more and more often these days—we automatically think of Rioja," the column begins. "Nothing wrong with that; Rioja wines are good and getting better. Now here's another name to conjure up: Torres."

Because of a cloud cover produced by cool mountain air hitting warm winds from the Mediterranean, shielding the vines from the hot sun, the wines of Penedes "are like no other Mediterranean wines," says Mr. Prial. "For that matter, they are not like other Spanish wines, either."

The Torres, wines, once bulk-shipped and made only from native Spanish grapes, now contain significant quantities of the finest French grapes: cabernet, pinot noir, chardonnay, cabernet franc.

Among Torres wines Mr. Prial especially likes is the basic white wine, Vina Sol, "made entirely from the parallada grape, a local variety. Cold fermentation, the boon to white wine-making in all hot climates, has produced a delightful, fruity, balanced white wine at the excellent price of $2.99."

Torres sales in the U.S. were about 50,000 cases last year, and "at today's prices they represent remarkably good bargains," Mr. Prial concludes.

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ALAMBRE DE ACERO; TRANSFORMADORES; MEDIDORES ELECTRICOS; EQUIPOS ELECTRICOS:
Midland Metals Corp.
2 University Plaza
Hackensack, N.J. 07601

AZULEJOS Y MARMOL:
World of Tile
Route 22 & Hillside Ave.
Springfield, N.J. 07081

BITARTRATO DE COLINA (PROD QUIMICOS):
Byron Chemical Co.
40-11 23rd St.
Long Island City, N.J. 11101

ARTICULOS DE CRISTAL:
Cardinal Interiors, Inc.
163 East Union Ave.
East Rutherford, N.J. 07073

ASTAS DE TORO:
Fildman Interiors
55 West 42 St.
New York, N.Y. 10036

ALAMBRE DE PUA:
Miller Supply Corporation
151 South Fulton Ave.
White Plains, N.Y. 10606

ARTICULOS PLATEADOS Y DE PLATA:
Zante
126 East 57 St.
New York, N.Y. 10022

PELO HUMANO; PELUCAS; HERRAMIENTAS PARA CONFECCION DE PELUCAS:
De Meo Brothers
39 West 28 St.
New York, N.Y. 10001

BILLETERAS, MONEDEROS, CARTERAS, ETC.:
Leeds Luggage Shop
33 West 46 St.
New York, N.Y. 10036

FLORES Y FOLLAJE ARTIFICIALES:
Florendo Foliage Systems Corp.
30-28 Starr Avenue
Long Island City, N.Y. 11101

CRUCIFIJOS Y ROSARIOS:
Rainbow Rosaries
21 Prospect Avenue
Watertown, Mass. 02172

VEGETALES, FRUTAS Y PESCADOS EN CONSERVA:
Niagara Trading Co.
690 Delaware Avenue
Buffalo, New York 14209

PRENSAS DE FILTRAR VINO; MAQUINARIA INDUSTRIAL; TAPONES DE CORCHO:
Berrywine Plantations
Box 247, Route 4
Mt. Airdy, Maryland 21771

TARJETAS DE FELICITACION:
Millen Cards, Inc.
230-B Linden Blvd.
Jamaica, New York 11411

CUBRECAMAS:
Bernards Trading Corp.
49 West 32 St.
New York, N.Y. 10001

PELICULAS CINEMATOGRAFICAS, "SUPER 8":
Mr. James Lloret
37-33 76th Street
Jackson Heights, N.Y. 11372

MARTILLOS, MAZOS, PICOS, PALAS Y HERRAMIENTAS PARA JARDINERIA:
Joseph J. Fischer
6 Center Lane
East Brunswick, N.J. 08816

MUEBLES PARA JARDIN:
Lesco International
1955 Merrick Road
Merrick, New York 11566

CINTURONES DE SERPIENTE:
Ms. Andrea Ripe
1623 Third Avenue
Apt. 36E, West Tower
New York, N.Y. 10028

PANGAMATO DE CALCIO:
Bio-Nutritional Products
P.O. Box 389
Harrison
Harrison, New York 10528

MAPAS Y POSTERS 'TIPICOS':
Multi-Media Teaching Aids, Inc.
47-57 41st St., P.O. Box 4247
Long Island City, N.Y. 11104

CHAPA DE ACERO:
Mr. Leland Evans
P.O. Box 25
Bondville, Vermont 05340

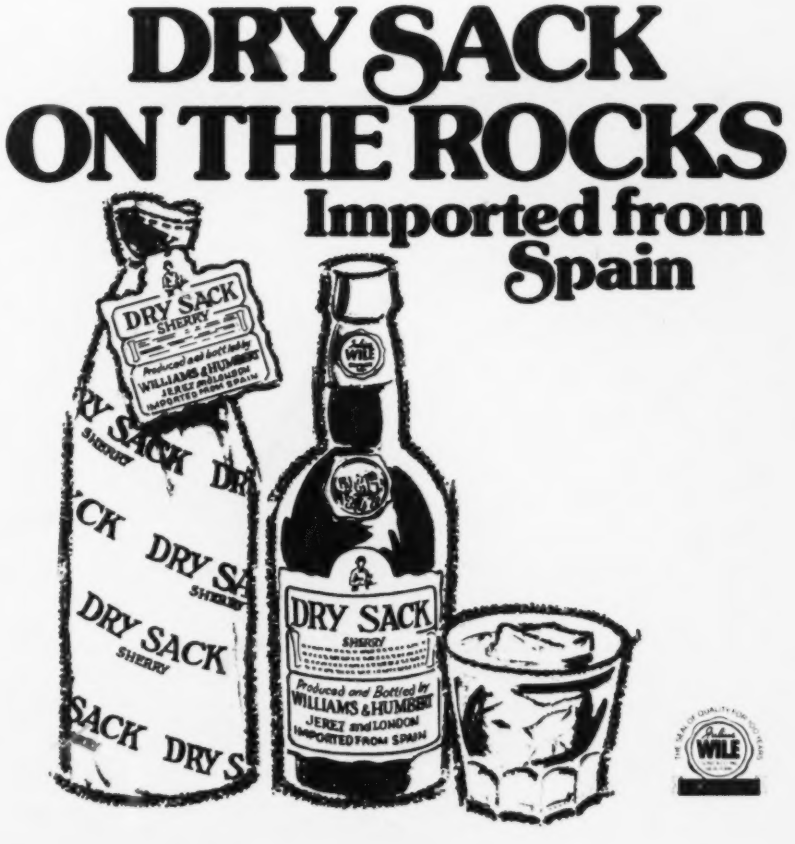
GOMA ANIMAL:
Graphic Equipment Worldwide
1860 Broadway
New York, N.Y. 10023

JUGUETES Y COSMETICOS:
Garcendo Imports
4316 Hudson Avenue
Union City, New Jersey 07087

CONFITERIA:
Specialty Food Sales, Inc.
421 Conklintown Road
Ringwood, N.J. 07456

ESPEJOS Y CRISTALES PARA ESPEJOS:
Friedman Brothers Decorative Arts, Inc.
305 East 47 St.
New York, N.Y. 10017

REGALOS; ARTESANIA TIPICA ESPAÑOLA; CERAMICAS; ARTICULOS DE PLATA:
Pottery International, Inc.
63 Church St.
New Brunswick, N.J. 08901



Spanish Products Offered

(continued)

SEMIPROCESSED GOODS IN COPPER AND BRASS:
Sociedad Española de Construcciones Electro-Mecanicas, S.A. (SECEM)
Castelló, 128
Madrid-6

DECORATIVE LOCK WORK:
Rojas, Hierros de Arte, S.L.
Eraso, 12
Madrid-28

NATURAL RED & YELLOW IRON OXIDE:
Sociedad Española de Oxidos y Pinturas, S.A.
Ponzano, 37, 2°-2
Madrid-3

PLYWOOD, CHIPBOARD, PLASTICS LAMINATE:
Song-Alena
Pintor Juan Gris, 4, 2°
Madrid-20

Spanish Firms Welcoming United States Investment

WALLPAPER FOR HOME DECORATION:
Dornura, S.A.
Las Fábricas, s/n
Polígono Industrial Urtinsa
Alcorcon (Madrid)

AGRICULTURAL MACHINERY:
EDsteban Morales Ruiz, S.A.
Buenavista, 53
Mancha Real (Jaén)

MANUFACTURE & INSTALLATION OF FOOD SERVICE FACILITIES FOR HOTELS, RESTAURANTS, COMMUNITIES ETC.:
Frikey, S.A.
Alejandro Ferrant, 3
Madrid-7

MANUFACTURE OF OUTERWEAR FOR MEN:
Joardo, S.A.
Polígono Industrial nó 1
Mostoles (Madrid)

MANUFACTURE OF BIOLOGICAL & PHARMACEUTICAL PRODUCTS & FEEDS:
Laboratorios e Industrias Iven, S.A.
Alcántara, 71
Madrid-6

CARPETS: MANUAL & MECH ANICAL PRODUCTION & SALE:
Los Fernández
Fernández de la Hoz, 45
Madrid-3

ELECTRONIC FIELD: REPRESENTATIVES OF FORIEGN FIRMS:
Neotecnica, S.A.E.
Marqués de Urquijo, 44
Madrid-8

MANUFACTURE OF AUTOMO BILE ACCESSORIES & REPLACEMENT PARTS:
Proauto PJ Iberica, S.A.
Fernández de Oviedo, 8
Madrid-2

CHEMICAL/PHARMACEUTICAL PRODUCTS, WHOLESALER, IMPORTER:
Productora General de Perfumerica, S.L.
Benito Gutiérrez, 10
Madrid-8

METAL OFFICE FURNITURE:
Reyes-Ikar, S.L.
Capitán Blanco Argibay, 137
Madrid-29

GOLD & SILVERSMITHING—COFFEE SETS, TRAYS, CANDELABRAS, ETC.:
Sanchez, Guinot, Gamboa y Cía., S.A.
Nierenberg, 16 (moderno)
Madrid-2

MACHINE TOOLS AND ACCESSORIES:
Suin-Tec, S.A.
Almagro, 11
Madrid-4

JEWELRY IN GOLD AND SILVER, MANUFACTURER:
Talleres Julfer, S.L.
Cavanilles, 41
Madrid-7

CLEANING & HYGIENIC PRODUCTS FOR HOME, AUTO & INDUSTRY:
Thomil, S.A.
Apartado de Correos, 17.103
Madrid

PUBLIC WORKS MACHINERY:
Tiktin, S.A.
Alcalá 76
Madrid-9

OFFICE FURNITURE (PATENTED CABINETS):
Amueblamientos, S.A.
Alfonso Gómez, 29
Madrid-17

LUMBER, WOOD DEALER:
Antonio Tiagonce Maderas, S.A.
Toledo, 152
Madrid-5

MANUFACTURER OF LADIES' LEATHER HANDBAGS:
Aterlier Esther
Jesús, 12
Madrid-14

PRODUCTION OF WINES, VINEGAR, LIQUORS, FEEDS FOR LIVESTOCK, BRANDY:
Cía. Internacional Vinicola Agricola, S.A. (CIVINASA)
General Mola, 45, 3°
Madrid-1

Spanish Firms Seeking Technology

INDUSTRIAL ENGINEERING PROCESSES:
Centunion, Española de Coordinación Tecnica y Finan ciera, S.A.
Fuençarral 123
Madrid-10

PARABOLIC ANTENNAS FOR TRANSMISSION:
Candido Domarco Ibarra
Delicias, 10
Madrid-7

ELECTRIC CONVERTERS, CONTINUOUS FEEDING SYSTEMS:
Electronicas Boar, S.A.
Clara del Rey 24, 1° D
Madrid-2

PROCESSING PLANTS:
Empresa Nacional de Ingenieria y Tecnologica, S.A. "INITEC"
general Mola, 120
Madrid-2

SCHOOL FURNITURE:
Fog-Gispert, S.A.
Carretera Nacional II, Km. 31,6
Alcala de Henares (Madrid)

PACKAGING & BOTTLING METHODS:
Instituto Español de Embalaje y Envase
Bretón de los Heros 57
Madrid-3

METHODS FOR IMPROVING MANUFACTURE AND TIME SAVING:
Manufacturas Rae, S.L.
Angel Ripoll, II
Madrid-25

FIBERS FOR PROTECTION, INSULATION, REFRIGERATION, ADHESIVE TAPES, PROTECTION OF PIPES:
Proyectos Tecnicos Industriales, S.A. (PROTISA)
General Martínez Campos 15
Madrid-10

DERIVATIVES OF NATURAL RESINS:
Resinas García Segovia, S.A.
Ronda de Toledo, 88
Madrid-5

UTILIZATION OF SOLAR ENERGY:
Robur S.A. de Maquinaria
Juan de Mena, 8
Madrid

MACHINERY FOR LOCKSMITHS:
Rojas, Hierros de Arte, S.L.
Eraso, 12
Madrid-28

ASPHALT COMPACTING & PAVING EQUIPMENT:
Tiktin, S.A.
Alcalá 87
Madrid-9

PHARMACEUTICAL, SKIN-CARE & COSMETIC PRODUCTS:
Maipe, S.A.
Pintor Moreno Carbonero, 5
Madrid-28

'LADIES' & INFANTSWEAR:
Manufacturas Cauca, S.A.
Albarracín 35
Madrid

Technology Available for the U.S.

CLOSETS FOR OFFICES, PATENTED (MOUNTED WITHOUT TOOLS):
Amueblamientos, S.A.
Alfonso Gómez, 29
Madrid-17

CONSTRUCTION FORMWORK:
Andamios In, S.A.
Avda. Generalísimo, 52
Madrid-16

PRINTED CIRCUIT ELECTRIC HEATING:
Bhaz, S.A.
Avda. Generalísimo, 58
Madrid-16

PACKAGES OF "SOFTWARE" FOR HOTELS; ELABORATION OF PATENTS FOR HOME BARS:
Electrotecnica Melia, S.A.
Serrano, 63 2°
Madrid-1

CHEMICAL PRODUCTS FOR USE IN CONSTRUCTION:
Hormigones Aireados, Ligeros y Especiales, S.A. (HACESA)
Carretera Villaverde a Vallecas 299
Madrid-31

METAL FURNITURE, TELESCOPIC GUIDES:
J.A.L., S.A.
Albasanz, 67
Madrid-17

PATTERNS FOR LADIES AND CHILDRENS WEAR:
Manufacturas Cauca, S.A.
Albarracín, 35
Madrid-17

CELULAR PLATE GLASS:
Polydros, S.A.
Saturnino Calleja, 18
Madrid-2

FROM THE SPANISH COMMERCIAL OFFICE IN NEW YORK

Spain's Exports to the U.S., Jan.-June 1979 vs. 1978

In this tabulation using statistics from the United States Department of Commerce, the first column gives Spain's total exports to the United States from January 1st, 1979 through June 30th, 1979, in thousands of dollars. The second column gives the percentage of variation from the same period of 1978.

	Jan.-June 1979	% Variation from 1978
I. FOOD PRODUCTS	**70,430**	**—12.6**
1. Fish & seafood, except preserved	2,136	—43.4
2. Preserved fish and seafood	4,780	—27.4
3. Marmalades & preserved fruits	5,096	+149.7
4. Vegetables, prepared or preserved, including olives	43,651	—9.2
5. Sweets with a sugar base, which do not contain cocoa	51	—94.3
6. Coffee, extracts & concentrates	3,806	—34.4
7. Paprika	4,522	+46.5
8. Food preparations, unspecified	1.379	—3.3
II. BEVERAGES & TOBACCO	**24,998**	**—8.7**
9. Table wines and Sherry	14,615	—10.2
10. Sangria	3,434	—14.2
11. Brandy and similar	2,705	—3.9
12. Processed tobacco	4,132	—2.0
III. RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM, AND OTHER VEGETABLE PRODUCTS	**10,129**	**826.0**
13. Fluorspar	861	—76.4
14. Raw materials of animal origin	1,860	+0.4
15. Gums, resins, natural lacquers	1,725	+9.3
16. Other crude vegetable materials	3,192	+10.7
IV. PETROLEUM PRODUCTS AND LUBRICANTS	**11,387**	**+7.1**
17. Lubricating oils & greases, hydrocarbons	583	—76.8
18. Residues of petroleum refining	6,552	—19.3
V. OILS & FATS, ANIMAL AND VEGETABLE	**10,146**	**+11.6**
19. Olive oil	10,015	+10.3
VI. CHEMICAL PRODUCTS	**24,530**	**—7.6**
20. Organic chemical products	6,512	+9.9
21. Inorganic chemical products	5,758	+25.5
22. Essential oils & materials for perfumes	6,009	—15.5
23. Soaps and detergents	814	—84.0
VII. MANUFACTURES AND SEMI-MANUFACTURES	**212,051**	**—3.7**
24. Leathers, hides and their manufactures	6,281	+53.9
25. Tires	45,047	+32.6
26. Manufactures of wood & cork	3,759	+25.3
27. Articles of paper and cardboard	4,448	+53.2
28. Threads and yarn	1,030	—68.1
29. Woolen fabrics	1,309	—19.4
30. Lime, cement & other construction materials, except tiles	6,307	+4.2
31. Tiles	2,426	+32.9
32. Glass and crystal articles	1,971	—22.2
33. Pottery articles	4,283	+23.3
34. Iron and steel in bars, sheets etc.	60,442	—43.0
35. Nonferrous metals	27,694	+46.7
36. Wire, without electrical insulation	8,998	—3.8
37. Screws, nails, rivets etc. of iron, steel or copper	8,538	+110.5
38. Hand tools	5,219	+17.5
39. Household metal products	8,028	+163.3
40. Metal manufactures, unspecified	9,242	+39.0
VIII. MACHINERY & TRANSPORT EQUIPMENT	**63,526**	**+26.1**
41. Non-electric generators & parts	4,284	+64.6
42. Agricultural machinery & parts	3,780	+51.9
43. Office machines & parts	1,915	—39.1
44. Metal-working machinery	12,336	+99
45. Textile & leather machinery	3,138	—33.1
46. Industrial machinery	2,893	+210.7
47. Unspecified machinery & apparatus and parts	8,092	+79.5
48. Electrical generators, commutators and parts	1,920	+11.6
49. Household electric appliances and parts	751	—34.4
50. Electric machinery & apparatus, unspecified	2,811	+11.7
51. Transport equipment	15,119	+3.2
51a. Parts & accessories for tractors, vehicles and motors	10,784	+7.1
51b. Motorcycles & parts	1,500	—35.2
IX. MANUFACTURED CONSUMER PRODUCTS	**198,647**	**+5.7**
52. Lamps and parts	6,514	—9.3
53. Furniture	9,093	+12.5
54. Luggage and handbags	3,331	+19.5
55. Textile manufactures	1,712	—14.2
56. Manufactured leather products and accessories	1,828	—26.7
57. Manufactured knitwear products and accessories	1,224	—36.8
58. Footwear	139,297	+2.8
59. Printed material	9,671	+22.3
60. Games and sporting goods	3,442	—18.1
61. Arms and parts, except revolvers and pistols	2,066	—0.9
62. Objects of art and antiques	7,504	+113.5
63. Jewelry and costume jewelry	6,661	+23.0
64. Other unspecified manufactures	1,526	—7.4
X. OTHER PRODUCTS, NOT CLASSIFIED	10,376	+21.0
65. Special transactins, unclassified	6,919	+25.6
66. Arms of war, including revolvers, pistols and ammunition	2,784	+56.0
67. Estimated value of imports under $251 in value	673	—141.2
TOTAL IMPORTS	**636,222**	**+0.2**

FAIRS AND EXHIBITIONS

SPANISH FAIRS CALENDAR, 1980

FAIR OR EXHIBITION	DATE	CITY	ORGANIZER'S ADDRESS
JANUARY			
Int'l Footwear & Related Industries Fair (FICIA)	8-11	Elda (Alicante)	Apartado 104, Elda (Alicante)
Int'l Home & Decorative Textiles (TEXTILHOGAR)	15-19	Valencia	Apartado 476, Valencia
Nat'l Leather & Luggage Exhibition (IBERPIEL)	16-20	Madrid	Valázquez, 4, Madrid
National Costume Jewelry Fair (SEBIME)	18-26	Mahón (Menorca)	Polígono Industrial Mahón, Apartado 353, Mahón
Int'l Boating & Sports Exhibition	19-27	Barcelona	Avenida de María Cristina, s/n, Barcelona
Winery Equipment & Machinery Show (ENOMAQ)	23-27	Zaragoza	Apartado 108, Zaragoza
FEBRUARY			
National Fashion & Apparel Exhibition	7-10	Barcelona	Avenida de José Antonio, 670
Knitwer Exhibition (MODAPUNTO)	7-10	Barcelona	Avenida de María Cristina, s/n, Barcelona
Exhibition of Machinery for the Apparel Industry	7-10	Barcelona	Avenida de María Cristina, s/n, Barcelona
Teaching Materials & Techniques Fair (DIPA)	16-20	Valencia	Apartado 476, Valencia
International Toy Fair	16-22	Valencia	Apartado 476, Valencia
Public Works & Construction Mach'y (SMOPYC)	20-24	Zaragoza	Apartado 108, Zaragoza
MARCH			
International Nutrition Fair (ALIMENTARIA)	8-14	Barcelona	Avenida de María Cristina, s/n, Barcelona
International Shoe Fair (FICIA)	10-13	Elda	Apartado 104, Elda (Alicante)
Spanish Machine Tool Exhibition	20-27	Bilbao	Apartado 468, Bilbao
Int'l Agricultural Machinery Tech'l Fair (FIMA)	22-30	Zaragoza	Apartado 108, Zaragoza
Ceramics, Glassware & Decorative Arts Fair	23-30	Valencia	Apartado 476, Valencia
APRIL			
National Electrication Exhibition	9-11	Madrid	Conde de Xiquena, 4, Madrid
International Metal Arts Fair	12-19	Valencia	Apartado 476, Valencia
Int'l Elevation & Transport Mach'y Fair (EXMA)	14-20	Bilbao	Apartado 468, Bilbao
Iberoamerican Samples Fair	21-May 1	Seville	Apartado 8016, Seville
Int'l Automobile Show (EXPOMOVIL)	26-May 2	Barcelona	Avenida de María Cristina, s/n, Barcelona
MAY			
International Samples Fair	3-11	Valencia	Apartado 476, Valencia
AMBIENTE	5-10	Bilbao	Apartado 468, Bilbao
National Aluminum Fair (EXPAL)	13-20	Valladolid	Apartado 423, Valladolid
Province of Tarragona Samples Fair	16-25	Reus (Tarragona)	Plaza de España, 1, Ayuntamiento de Reus, Reus
National Naval Industries Fair	20-26	El Ferrol (La Coruña)	Apartado 201, El Ferrol (La Coruña)
JUNE			
International Fair of Barcelona	3-11	Barcelona	Avenida de María Cristina, s/n, Barcelona
Int'l Footwear & Related Industries Fair (FICIA)	9-12	Elda	Apartado 104, Elda (Alicante)
JULY			
Regional Agricultural & Samples Fair of Manzanares	16-23	Manzanares	Comisaria de la Feria Regional del Campo, Manzanares (Ciudad Real)
Northwestern Samples Fair	19-30	El Ferrol	Apartado 201, El Ferrol (La Coruña)
AUGUST			
National Samples Fair of Asturias	2-17	Gijón	Instituto, 17, Gijón (Asturias)
SEPTEMBER			
International Shoe Fair (FICIA)	9-12	Elda	Apartado 104, Elda (Alicante)
National Samples Fair of Castilla & León	9-21	Valladolid	Apartado 423, Valladolid
Int'l Apparel & Children's Wear Fair (FIMODA)	11-14	Valencia	Apartado 476, Valencia
National Costume Jewelry Fair (SEBIME)	19-27	Mahón	Apartado 353, Mahón, (Menorca)
San Miguel Agricultural & Fruit Fair	21-28	Lérida	Apartado 106, Lérida
Int'l Image, Sound & Electronics Fair (SONIMAG)	27-Oct. 5	Barcelona	Avenida de María Cristina, s/n, Barcelona
OCTOBER			
Hardware, Hand Tools & Fasteners (FERROFORMA)	2-5	Bilbao	Apartado 468, Bilbao
National Samples Fair of Zaragoza (FONM)	9-19	Zaragoza	Apartado 108, Zaragoza
International Furniture Fair	13-19	Valencia	Apartado 210, Valencia
NOVEMBER			
Spanish Fair of the Atlantic	1-9	Las Palmas de Gran Canaria	Apartado 50, Las Palmas de Gran Canaria
Nat'l Hog Breeding Exposition (INCOPORC)	3-7	Lérida	Apartado 106, Lérida
Spanish Flower Show (IBERFLORA)	5-9	Valencia	Apartado 13, Valencia
Int'l Office Equipment & Information Fair (SIMO)	14-21	Madrid	Plaza del Conde del Valle de Suchil, 8, Madrid
Nat'l Home, Decoration & Catering Exhibition & Int'l Hotel Equip't Exhibition (HOGAROTEL)	15-22	Barcelona	Avenida de María Cristina, s/n, Barcelona
International Woodworking Machinery Fair	17-23	Valencia	Apartado 476, Valencia
DECEMBER			
Int'l Footwear & Related Industries Fair (FICIA)	13-16	Elda	Apartado 104, Elda (Alicante)

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ST. LOUIS (314) 878-0300 • SAVANNAH (912) 232-3301 • SEATTLE (206) 938-6200
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OFFICIAL PUBLICATION OF THE SPAIN-US CHAMBER OF COMMERCE
NOVEMBER-DECEMBER, 1979 **No. 108**

BEST AVAILABLE COPY

When the Jet Set doesn't fly into the Costa del Sol, it sails in.

The Jet Set "discovered" the Costa del Sol some 20 years ago, when its 72 miles of sun-drenched beaches were used mainly by fishermen in sleepy nearby villages.

Since then these quiet towns have awakened with a bang. Now there are over 84 3-star hotels or better, with at least 12 of them being 5-star.

The climate is nearly perfect, the year-round facilities for enjoying the climate practically endless.

There are 14 magnificent golf courses all open to tourists, so a golfer doesn't have to get up before sunrise to tee off. (The night life is so incredible many people don't even get to sleep before sunrise.)

Tennis schools, famous throughout Europe, are becoming equally popular among Americans. With clay courts almost everywhere.

And boating, because of the Mediterranean, is especially enjoyable. However, after seeing the marinas at Cabo Pino, Estepona and Marbella's Puerto Banus, even the most enthusiastic sailor may decide to stay on shore. And sip an apéritif in an outdoor café.

As you might expect, the Costa del Sol offers more than just fun and games. Here a person can also play for real, in the exciting new casinos at Nueva Andalucia and Torrequebrada. There's also an excellent convention center in Torremolinos, which is perfect for combining business with pleasure.

Málaga, the Costa del Sol's capital, has a number of impressive sights: Gibralfaro Castle, dating back to the Phoenicians; the Alcazaba, a Moorish fortress; an old Roman theater; beautiful parks and a downtown mall with winding streets and great shopping. It's a port of call on Mediterranean cruises.

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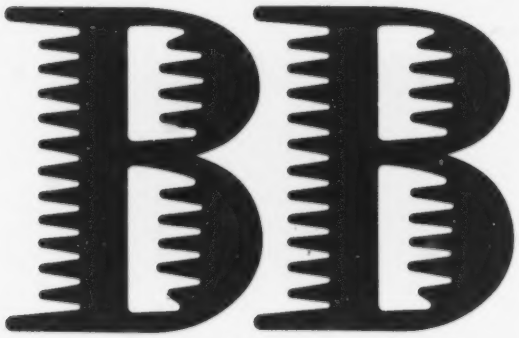

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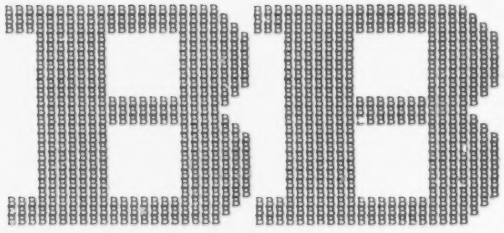

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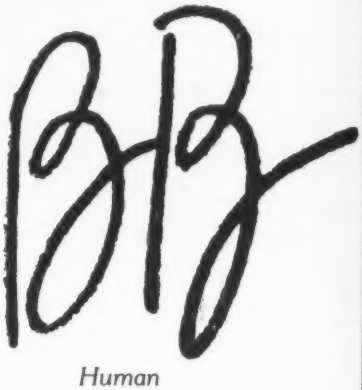

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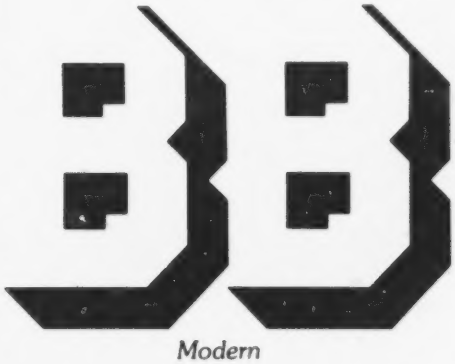

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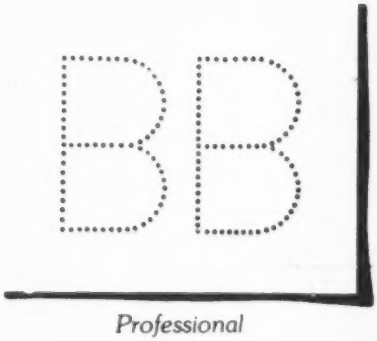

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By ANTONIO GARRIGUES WALKER

Spain in the 'Eighties

"The consolidation of democracy will be a task frought with obstacles and difficulties which we Spaniards accept and are determined to overcome," Antonio Garrigues Walker told a luncheon of the Chamber in his honor at the Pierre Hotel on November 13th.

"The optimist proclaims that we live in the best of all possible worlds; and the pessimist fears this is so."—James Branch Cabell

The 'eighties will be a very important decade for Spain and a very positive one. Important, because during that decade there will take place, on the one hand, the consolidation of democracy, and on the other hand the formal and real integration of Spain not only into the European Communities but into the Western world as a whole; and positive, because Spain will achieve an economic, social and cultural development in excess of that of the majority of Western countries.

Let me explain to you briefly why I think this is the case.

First, the consolidation of democracy will undoubtedly be a task fraught with obstacles and difficulties, which we Spaniards accept and are determined to overcome. There may be certain pauses or temporary standstills in this process, but the fear of military coups or reversals of any kind is a groundless fear. There is no technical or sociological basis to justify this fear, which is only expressed by those who, having been dislodged from the political or economic arena, consciously or unconsciously desire "solutions" of this kind. The behaviour of the military during the transition has been an exceptional example of realism which was in fact anticipated by Stanley G. Payne in his book "The Military and Contemporary Spanish Politics," when he stated that "the role of the Spanish military in the second half of the 20th century will depend not so much on the ambition of the generals as on the stability of the institutions of government and the maturity of Spanish society in general." Although as regards the degree of stability and maturity there may be differences of opinion, I believe that to deny that stability and maturity exist and have developed spectacularly would be to deny a visible and palpable reality.

The real obstacles to the consolidation of democracy are going to reside in the greater or lesser ability of the Spanish Government and the Spanish political class in dealing with terrorism, the autonomous processes, and the economic crisis. The Government and the political class, under the exceptional and decisive leadership of the King, have brought about a perfect political operation of transition from dictatorship to democracy. This operation—so rapid, so intense and so risky—has inevitably resulted in a certain attrition, a certain weariness and a certain premature mental aging; this will have to be overcome in order to avoid the phenomenon of democratic apathy, which is of little use in dealing with problems which are less difficult than the transition itself but more complex, requiring more constancy and greater care. I still think that our political leaders (Adolfo Suarez, Felipe Gonzalez and Santiago Carrillo in particular) represent the best European political team, and that our political class, despite being the youngest in Europe, is sufficiently well prepared; but they have gradually been losing touch with the real problems and will now have to make a determined effort to change their tactics, language and attitude. This is the challenge that confronts them in the coming decade, and I have not the slightest doubt that they will succeed in meeting it.

Political terrorism naturally has political causes; and it is at the present time centered around three organizations: ETA, MPAIAC and GRAPO, plus a few isolated operations by the extreme right and the extreme left. I do not think MPAIAC or GRAPO, or the extremists, will create serious problems. The question of ETA, on the other hand, may bring about very delicate situations in the Basque Country—unless the development of the autonomous process and the prudence of the Government and local politicians succeed, if not in eliminating the problem then at least in controlling it and reducing it to tolerable limits. It is a question which has historical roots, both ancient and recent, together with

Antonio Garrigues Walker: "A shrewd and knowledgeable observer of the Spanish scene."

Chamber President Felipe Propper de Callejon Introduces the Guest of Honor.

Mr. Garrigues (left) with Mr. Propper at the November 13th luncheon at the Pierre.

On November 20th, Spain will celebrate the fourth anniversary of the passing of an old totalitarian regime and the birth of a new democratic era under King Juan Carlos. During this short period of time, Spain has acquired new political structures, which have been approved both by its people directly and by its elected officials. While the political process conducted under the leadership of Premier Adolfo Suarez at times appears indecisive and painfully slow, the fact is that it works with relatively little strain. Moreover, it should be noted that all principal political parties seem to have made a tacit commitment to make it function. This often-overlooked fact is certainly no mean achievement in a country which was said by many to be unable to govern itself in a responsible fashion.

Yet, judging from my own experience, it was evident to me after I had spent a few days last week in Madrid, that most Spaniards seemed to be concentrating on political and economic problems rather than on their achievements and potential. All one hears are alarming stories about the Basque independence movement, stories of terrorism and juvenile delinquency—to say nothing of the many real or alleged bankruptcies which are affecting a fairly large number of small and medium-sized industrial and commercial enterprises.

To be sure, the situation in Spain today is not an easy one to resolve. It serves little purpose, however, to blame the Government for everything that is going wrong. Speaking for myself, I feel that much could be remedied by hard work on the part of the workers and greater confidence on the part of business leaders. Spain's future is largely in its own hands, though it is bound to be affected by the economic circumstances of its European neighbors. I feel, however, that as long as its political institutions function, we can be confident.

To tell us today about the future, we are fortunate indeed to have as our Guest of Honor a particularly qualified person, an optimist by nature but a realist in outlook, a man well versed in most aspects of Spanish political life, with close ties to the business community at home and abroad. He comes from a distinguished family, being the son of Antonio Garrigues, Sr., one of Spain's most eminent jurists and diplomats, and the brother of Joaquin Garrigues, an equally eminent political leader, founder of his own party, a close associate of Adolfo Suarez, whom he has consistently served in a ministerial capacity.

Our Guest of Honor is a shrewd and knowledgeable observer of the Spanish scene, and has had a distinguished career in his own right. Born September 30, 1934 in Madrid, he completed all his studies there and was admitted to the Bar in 1959. He has spent most of his professional life as Senior Partner in the law firm of J. & A. Garrigues, which is one of Spain's most prestigious law firms, specializing in foreign investments and corporate matters; it has offices in Madrid, Barcelona and New York City.

Antonio Garrigues Walker has been instrumental in bringing large multinational companies to Spain, and he is currently a member of the boards of Altos Hornos de Vizcaya, I.B.M.-Spain, Ford of Spain, and of the Spanish affiliates of Minnesota Mining and Colgate.

He has for several years been the Spanish representative to the U.S. High Commission for Political Refugees. He is Governor of the Atlantic Institute, a parallel organization to the Trilateral Commission. He is also a member of the Spanish Committee of this Commission. In 1978 he was appointed World President of the World Association of Lawyers, and last September was presented with the World Lawyer Award.

Mr. Garrigues is married and has three children; if not in the office or with his family, he can usually be found playing tennis or trying out his talents as a playwright.

As you can see, he is a man of many talents and many facets.

At the luncheon in his honor, Antonio Garrigues Walker (center) chats with Jose Sainz de Vicuna (left) and Chamber President Propper.

possible international complications, one which is not easy to understand and evaluate and which will require the active patience and continued resistance of all Spaniards. In spite of the serious incidents of these last few days, I believe that terrorism will begin to decline substantially, partly because police means and methods have improved and partly—and this is the important point—because a sincere and intense civic reaction is setting in against the insecurity of citizens in general and against terrorism in particular. I am confident that we will know how to remain calm during this period; and I feel sure that the Government will be able to count on the support of all political parties and of public opinion, in order to avoid a situation in which these senseless provocations endanger the viability of democracy.

Decentralization was inevitable because centralism was excessive. On this point there can be no doubt whatsoever. The doubt exists with respect to the scope and timing of the autonomies, and even more as to the end-result thereof.

The two Statutes of Autonomy approved on October 25th, those of Catalonia and the Basque Country, revealed that the desire for or interest in autonomy, even in traditionally autonomic regions, was less than the politicians thought. The 40% abstention was very high, even allowing for technical abstention, the adverse weather conditions, the excessive frequency of elections, and the lack of dramatism with respect to the final result.

This abstention and other factors may lead to a serious reappraisal of the policy to be adopted in the remaining autonomous processes. A specific question to which attention will have to be devoted is the economic one: Since (although in the long term the autonomies may bring about a reduction of costs) bureaucratic duplication, linguistic problems, regional egotisms, political manouverings and other tensions will create operative problems for firms, as well as additional expenses and taxes. However, decentralization was necessary, and it is only logical to assume that the autonomic processes will be consolidated in the coming decade, thereby enhancing the quality of Spanish democracy.

THE ECONOMIC CRISIS

As regards the economic crisis, I cannot conceal from you (among other reasons because you are as familiar with it as I am) that the Spanish situation at the present time is not particularly brilliant. Over one million unemployed; a very high rate of inflation (although it has dropped from 26% in '77, to 16% in '78, to an estimated 15% for this year; a decline in investment and industrial activity; and a fairly widespread pessimistic outlook among businessmen. In other words, a similar situation (even if more serious in certain respects) to that of the majority of countries of the Western world—including, if I may say so, the United States.

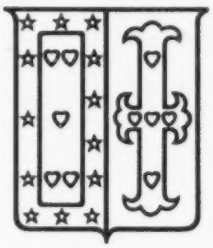
The Spanish crisis has been heightened in comparison with other countries owing to the fact that over the past few years the Government has given absolute priority to political problems. For many months economic and business activity has had to be carried on in a climate of abandonment, without any objectives or rules for the game. Our politicans were just not interested in the question. However, in this respect, too, things have changed significantly:

- Parliament has approved an Economic Program submitted by the Government, which has two very positive features: An acknowledgement of the dimensions of the crisis; and the implementation of a true market economy system, with the elimination of government controls and the liberalization of the financial system and the foreign sector. We have not yet matched Mrs. Thatcher, but I should not be surprised if we did so in the coming decade, especially if we find oil one day.
- Parliament these days is also debating a Workers' Statute and other legislation which will allow the rationalization of labor relations in the style of other European countries. All that has existed to date in this areas is a complete legal vacuum. At the same time, the unions and employers' associations have been consolidating and maturing to the point of acquiring a decisive say in the new laws; in that process they have been favored—and to some extent compelled—by a new labor climate which is far more moderate and positive than in the early years.

FOREIGN INVESTMENT

Spain is still a large market for foreign investment, and the reasons for that are very clear:

- The legislation is openhanded with regard to both investment and de-investment.
- Spain is a large market in terms of gross national product—larger, for instance, than the Dutch, Swiss, Swedish or Belgian markets.
- Spain achieved a record accumulative growth rate of



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"Spain today is an alive, strong country . . . which will no longer consent to be a 'poor cousin.'"

over 7% in the period 1960 to 1975.

- Spain maintains a strong balance of payments position with reserves of over $18 billion.
- There is no climate of opinion in Spain contrary to foreign investment, either in the general public mind or in that of the political parties of the left.
- Growth potential is real, and it is forecast that in the coming years it will run from one to two points higher than the average for the OECD countries.
- Spain can provide a way of penetrating the Common Market.

All these factors, plus some others, have held foreign investment to a brisk, constant pace in recent years. Without doubt the most significant and the largest have been the Ford investment in Valencia and the General Motors investment in Zaragoza and Cadiz. In 1980 the General Motors investment alone will amount to 10% of total United States investments worldwide.

THE COMMON MARKET

To speak now of Spain's entry into the Common Market, the official position is that it will take place in 1983. It is possible that the "settling-in" period will last from seven to ten years. The negotiations will be arduous and laborious, and we in Spain are going to find out that "Europe" is much more difficult, or less attractive, than we thought. Even so, joining will be something which will revitalize our economic, social, cultural and political life, and bring us back to a "normality" which we had lost. In indirect relationship with our joining the Common Market, we shall also join the North Atlantic Treaty Organization and establish diplomatic relations with Israel; but these two complicated political matters must be settled in time, without pressure of any sort.

Those, then, are Spain's prospects for the coming decade. I only want to add that, besides the political changes—and in great measure because of them—a far-reaching renewal of social and cultural attitudes is being experienced in my country. Spain today is an alive, strong country, not bored and tired out. It is a country which will no longer consent to be a "poor cousin." Isolation from international life over a long period of years has posed certain limitations for us, it is true; but our absence also gives us a better perspective and a heightened interest today. □

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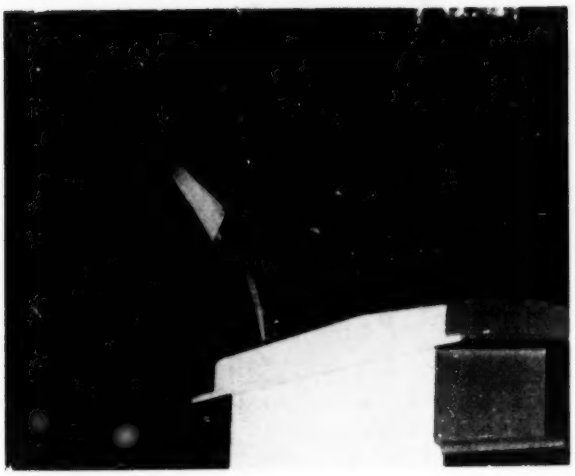


By HOWARD H. KEHRL
Executive Vice President, General Motors Corp.

General Motors and Spain-

A NEW ERA FOR THE AUTO INDUSTRY

In his remarks to a Chamber luncheon in his honor on November 27th at the Pierre, Mr. Kehrl told how General Motors chose Spain for the largest single foreign investment in the history of the company—and how GM views its future in Spain, and Spain's future.

I believe this is the first time a GM man has had the pleasure of speaking to your group in recent times, and we certainly thank you for the opportunity. Even now, even though we haven't turned a spadeful of soil on Spanish ground, we in General Motors regard Spain as an important business opportunity. We look toward our new business venture with great expectations, and with great excitement. We truly believe that this relationship will lead to a new era for the auto industry in Spain.

You know why I'm here. You know that General Motors is establishing major automotive facilities in Spain. And I'm sure you are interested in hearing as many details as possible.

Well, I'm going to tell you about our plans, in as much detail as possible. But you must remember that the program is just now taking shape. Business ventures such as this grow, day by day, and there are many plans that must be reshaped as new challenges and new opportunities become closer in focus. But the story line remains the same: General Motors is building an automobile manufacturing plant in Spain. We also have made a commitment to build component plants there. Firm investment plans total $1.5 billion, with the possibility of an additional $300 million.

General Motors has been associated with Spain for many years. Our relations date back to 1925, when we set up a warehouse in Malaga. How it came into being is a story in itself. The group responsible for setting it up had a hard time finding a building, but finally settled on a barn stabling goats. As warehouses go, it was a disaster. The roof leaked, the walls were crumbling, and the driveway even led through a river bed that wasn't always dry.

Well, the group went to work. With wood scarce in Malaga, as soon as imported cars were unboxed they tore the crates down, bolted them together, and raised them to form walls and partitions. Other wooden crates became parts bins and even desks and tables.

The warehouse stayed in Malaga until 1932 when it was moved to Barcelona. The property selected there was, of all things, a wine-storage bodega. This proved to be an excellent layout, however, and it became an efficient warehouse as well as a plant capable of assembling 8,000 trucks a year. Unfortunately, due in part to the Spanish Civil War, the assembly plant put out only one marketable truck before going out of business.

I could go on about the old days, but old Spain and General Motors have little in common with modern Spain and General Motors.

To most people, when someone mentions Spain, the first thing that comes to mind is the tourist industry. We all know tourism is big in Spain. Your beautiful beaches and exciting cities and spectacular scenery are great attractions. No wonder the more than 30 million tourists going to your country each year almost equal the population of the country itself. That's as it should be—and I'm sure nothing should discourage this trend.

But something else is happening in Spain. We've seen it; you've seen it. There is an awareness of the industrial role Spain will play in the future. For example, there is the movement of dedicated officials and business people toward bringing Spain into the European Common Market. There is an undercurrent of dedication and drive toward making Spain one of the great industrial powers of Europe and the world.

And industrially you've made tremendous progress. My statisticians tell me that Spain, right now, is the tenth leading industrial nation of the world and the ninth

Mr. Propper Introduces Howard H. Kehrl

Today's luncheon has a special significance for me, as it brings to mind something which took place many years ago when, as a student, I was working with a division of General Motors. I remember vividly calling on the Division General Manager the day before I was to leave, to say goodbye. While waiting at his desk for him to be free, I caught sight of a huge preserved marlin hanging on the wall, in all its embalmed splendor. As I was about to comment, he suddenly asked me if I knew why it happened to be there. Before I had time to answer, he said, "because it opened its mouth at the wrong time. Remember, young man, this might happen to you some day." This admonition has served me well, and I assure you that every time I happen to see a stuffed fish I try not to identify with it.

When historians and sociologists of tomorrow cast their eyes on the Twentieth Century, they will probably conclude that no single technical development has had a more significant impact upon our daily lives than the automobile. The production of automotive vehicles has become the most important manufacturing industry in the world; and General Motors Corporation, with approximately 47% of the domestic and 9% of the overseas markets, is by far the most successful enterprise in this field. You will note that I said "successful" instead of "largest," because size alone is not what makes G.M.'s story outstanding. More important, I believe, is the fact that G.M., through technical and marketing innovation, has consistently been the strongest domestic competitor with the best financial results. A unique management style, calling for coordination in policy and decentralization in administration, developed in the early '20s by the late Alfred P. Sloan, Jr., then president, one of the founding fathers of modern management techniques, is largely responsible for the company's continued success.

In his book "My Years with General Motors," Mr. Sloan wrote: "The perpetuation of an unusual success, or the maintenance of an unusually high standard of leadership in any industry, is sometimes more difficult than the attainment of that success or leadership in the first place. This is the greatest challenge to be met by the leaders of an industry. It is a challenge to be met by the General Motors of the future."

Apparently General Motors has decided to meet that challenge in the overseas market, where its relative participation is considerably smaller than that of its principal U.S. competitor. The growing importance of these foreign markets, coupled with the ever-increasing domestic sales of foreign-made cars, has led company management to go ahead and build a new line of compact, fuel-efficient cars with worldwide appeal.

Toward this end, General Motors has recently announced a $1.5 billion dollar investment for the building of manufacturing facilities in Spain. This is probably one of the largest single investments for any manufacturing company in any one country. I doubt whether its potential impact is fully comprehended, especially in Spain.

This new commitment is a bold one indeed. It comes at a time when the economic situation here and abroad is most uncertain, when the dollar is under constant pressure, and when the company is experiencing poor results in its domestic market. We view this commitment, however, as a two-fold vote of confidence: Confidence in the long-term viability of the gasoline-powered automobile, in spite of increasing fuel costs; and above all, confidence in the political and economic future of Spain, the skill of her workers, and her ability to export. Spanish businessmen who lack confidence in the future: please take note!

I strongly believe that GM's commitment, combined with the successful facility which Ford already operates, will contribute, by the time she enters the European Common Market in the mid-'80s, to making Spain one of the largest automobile exporters in the world. We salute GM, and wish the company success!

To tell us today about General Motors' expansion plans in Spain, we are very fortunate to have as our Guest of Honor a senior executive who has spent all his professional life with the company—as is so often typical of those who manage its destiny.

Born in Detroit in 1923, Howard Kehrl joined the General Motors Corporation in 1948 after attending Wayne State University and graduating from Illinois Institute of Technology with a Bachelor of Science degree, followed by a Masters in Engineering from Notre Dame. After training as an engineer at the General Motors Research Laboratories, he went to work in 1951 for the tank plant of the Cadillac Motor Car Division; three years later he joined the engineering department of Chevrolet, where he served in various engineering capacities.

After a year at M.I.T. on a Sloan Fellowship, Mr. Kehrl was transferred in 1964 to the Oldsmobile Division, where he rose to become Chief Engineer, and then General Manager in 1972, the year he was also appointed a Vice President.

The following year he was named Group Executive in charge of the Car & Truck Group, and in 1974 he was elected a Director of General Motors and Executive Vice President with responsibilities for the company's Technical and Planning Staff, as well as for all of GM's Overseas Group. His present responsibilities include all design, engineering, manufacturing and research staff, among others. He is also a member of both the Executive Committee and the Administration Committee, as well as of ten of the corporation's top policy groups.

At the November 27th luncheon, Chamber President Propper introduces Howard Kehrl (second from left).

leading producer of motor vehicles. That's progress—real progress. And we foresee more, especially with respect to transportation.

Automobile ownership in Spain has multiplied 17 times in recent years, and we see further growth. As more Spanish citizens enjoy the benefits of personal transportation, the growth rate in transportation will match or exceed your growth in population. I understand that with a population of 37 million and only 72 inhabitants per square kilometer, Spain has the lowest density in Western Europe outside of Scandinavia. But your growth rate in population is one of the highest in Europe.

As countries grow—and as real incomes increase—our experience is that transportation grows even more. Sometimes I think the growth of transportation often triggers further industrial growth, rather than industry furthering transportation. But again, this is a case of which came first—the chick or the egg.

In any case, we see excellent growth opportunities in Spain insofar as automobiles are concerned. The personal transportation provided by automobiles will complement your free and democratic society. There is no greater personal freedom in mobility than having a self-propelled, rubber-tired, go-anywhere capability. It gives each of us an individual right to go where we want to go and go when we want to go.

Well, we in General Motors intend to be an important and progressive factor in the modern automotive industry that is evolving in Spain. We will encourage and help increase personal mobility by providing the kind of cars the Spanish people want and need—high-quality, low-energy vehicles that meet the needs of the times. That's our commitment. You can take my word for it.

That brings us to the plans I mentioned earlier. Before going into detail, let me say that what has been accomplished is the result of a series of friendly, open and candid discussions with members of the Spanish government. GM is continuing to work with officials at all levels—at the national level in Madrid; at the regional level in Aragon; at the provincial level in Zaragoza and at the local levels in the plant communities. At all levels we are extremely pleased with the cooperative attitude.

Let me particularly acknowledge the understanding and cooperation of Prime Minister Adolfo Suarez and Minister Carlos Bustelo. Other Spanish authorities were extremely helpful as well. Although a number of details remain to be resolved with the Spanish authorities, we are confident that these matters will be worked out to everyone's benefit.

Now let me tell you about what we intend to do in Spain. We will build the passenger car manufacturing plant near Zaragoza, and facilities for producing automotive components in the Cadiz area. Our component plans aren't firmed up yet, but several of our component divisions have sent representatives to Spain to discuss possibilities. For example, our Saginaw Steering Gear Division and our Delco Products Division have expressed an interest in possibly producing drive axles and steering and suspension components there. Final plans are still under development, but we hope to announce details soon.

The Zaragoza facilities will include a metal stamping and sub-assembly complex, a paint shop and an assembly plant. They will cover a total of 740 acres and have 5.2 million square feet of floor space. To put the floor space into perspective, that's equivalent to more than 50 Spanish soccer fields. The plant will be located within 25 kilometers of Zaragoza. The Zaragoza plant will have the capacity to produce 75 cars per hour. By the end of 1983, when the plant is in full production, vehicle output will reach a rate of 270,000 units a year, of which 190,000, or more than two-thirds of the production, would be intended for export.

We intend to break ground for these facilities early next year. Construction and operations will adhere to highest possible environmental standards. In fact, the planned location for the discharge of a water treatment plant has already been changed because of its proximity to a resort area. The health and safety of the community and of our employes will be kept constantly in mind, and the work environment will match or exceed the high levels achieved in plants in the United States and Germany.

The installations near Zaragoza will employ approximately 9,200 persons. Following our General Motors philosophy governing international activities, we will hire Spaniards and train them for positions in these new operations as quickly as possible.

Significant numbers of Spanish personnel selected for management, supervisory and highly skilled positions will be sent to General Motors' facilities in Europe and

"By the end of 1983. . . vehicle output will reach a rate of 270,000 units a year, of which 190,000 would be intended for export."

the United States for specialized training and advanced studies. This process has already started.

In addition to the plants, other new employment will be created in related supplier and dealer business. Our experience in other parts of the world indicates that installations of the scope of our Spanish project generate from 20,000 to 25,000 additional jobs—so you can count on that happening in Spain.

You can be sure that the G.M. cars will use components produced by Spanish firms as much as possible. At least 60% eventually will be Spanish content within two years after start of production.

As you can understand, competitive considerations make it impossible at this time to say much about the car we plan to build in Spain. But I can say that it will be an all-new, small passenger car which is being designed by Adam Opel, G.M.'s subsidiary in the Federal Republic of Germany. You can be sure it will have the latest technology in fuel efficiency, performance and driveability. It should not only receive wide acceptance in Spain but should be equally popular elsewhere.

There are many reasons why Spain is attractive to investors. According to one report, from January through September of this year, new foreign investment in Spain totaled $990 million. That's a record sum which exceeds the figure for all of last year. And that also puts the United States in the lead among foreign investors in Spain.

We studied many European countries before selecting Spain. It was chosen largely because it was found to provide optimum availability of good labor, land, utilities, transportation, communications, local suppliers, long-term profit potential, and increased marketing opportunities. That's a long list of advantages that any country would envy.

Spain was not the only site chosen in recent months for General Motors' overseas expansion. Austria was also selected as a site for production of automobile engines. In June we made both announcements simultaneously, and combined they represented the largest expansion project ever announced at one time by General Motors. Total investment for both facilities, including additional component manufacturing facilities necessary to support this added production volume, will amount to more than $2 billion.

These were not the only European expansion plans, but two of the foremost. Actually, General Motors is extremely confident in the continued strength of European economies and the continuing potential of motor vehicle sales. We expect demand for new cars to continue to grow in Europe. And we intend to continue to be a leading company there, offering a full line of high-quality, good-value vehicles. . . vehicles designed to meet the varied and exacting needs of the European car buyers.

These expansions in Europe will give General Motors much-needed capacity to meet the current and growing demand for our cars.

Now let me give you a brief overview of our overseas activities. Being in New York, and being familiar with General Motors for many years, I think you will be interested in the changes that have taken place.

Less than three years ago, we set out to reorganize our overseas operations and integrate them more closely with North America. Worldwide competition in the automobile business was growing rapidly, and we saw tremendous potential for sales growth overseas.

Our interest in becoming more effective competitors in all parts of the globe also coincided with our realization of the true magnitude of the challenge we face in meeting federal standards for our products in the United States. When the full impact of the financial and technical challenge at home began to sink in, we had one more good reason to look seriously at reducing product duplication on a truly worldwide basis, at the international sourcing of components to reduce capital demands, and for a more fluid exchange of technology between North America and overseas.

The concept of a "world car" approach to vehicle design came along as a natural extension of our thinking. The goal is to design and build vehicles sharing a basic design and as many common parts as possible, yet able to compete successfully for sales throughout the world.

Our first effort was the sub-compact "T" car—the car that we call the Chevette in the United States. It was designed by Adam Opel in Germany, and the first version was built in Brazil. T cars were later introduced in Germany and the United Kingdom. In the United States, Chevrolet in 1975 introduced the Chevette — which incidentally is setting divisional sales records this year.

Our latest world car is the "V" car, based on the Opel Rekord which was launched in Germany in late 1977. Similar versions are now being produced in the United Kingdom, Australia and South Africa. Other world cars are being developed, and it's safe to say that Spain will be right in the midst of GM's world car undertaking when the Zaragoza plant goes into operation.

In reviewing our overseas activities during the reorganizational phase, we recommitted General Motors to a policy of using local personnel wherever and whenever

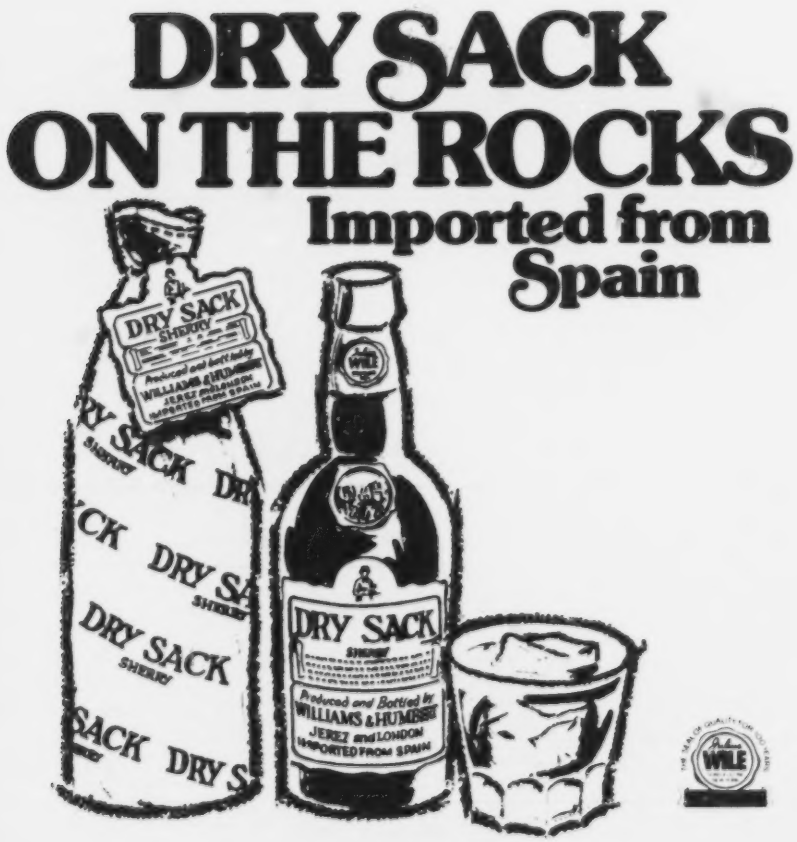
possible. To give you an idea of the progress we've made, out of nearly 190,000 employes of General Motors outside of North America last year, only 343 management-level people were U.S. citizens. Another 130 were non-U.S. citizens of one country working in another. As you can see, as men and women of a host country gain experience they gain responsibility within GM. I'm sutre our Spanish employes will be no exception.

I would also like to comment briefly on another long-standing General Motors policy—a policy we call our "guest philosophy." No matter where GM operates around the globe, it does so as the host country's guest. This philosophy remains a cornerstone of worldwide General Motors policy.

Under this principle, each subsidiary is expected to be a good corporate citizen of the host country and to contribute, within its competence, to the broad national goals the host country has established for itself. This means GM cooperates with host governments in education, industrial development, personnel training and development, and community improvements.

General Motors recognizes that it is subject to the host country's laws, policies and regulations, and respects local customs, cultures and traditions. This is the best way for General Motors to serve the people of the host nation, protect the interests of its stockholders, and discharge its responsibilities to all people affected by General Motors' worldwide business.

I've talked a lot about General Motors; I've told you about our plans in Spain and about some of the policies and approaches we used worldwide. I hope this puts our business into better perspective for you, and leaves you with the feeling that GM's entrance into manufacturing vehicles in Spain will be a mutually satisfying and beneficial undertaking for all concerned.



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Polígono Industrial del Francoli, S.A.
Ronda Universidad, 35, 3a
Barcelona-7

SEEKING REPRESENTATION

Busca representantes para productos en general:
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Jones International Import & Export
Ben Franklin Building
P.O. Box 14093
Washington, D.C. 20044

Holidays in Spain

1980 CALENDAR

Jan. 1, New Year's; Mar. 19, St. Joseph; Apr. 3-4, Holy Thursday & Friday; May 1, Labor Day; June 5, Corpus Christi; July 25, Santiago (Spain's Patron Saint); Aug. 15, Assumption; Dec. 8, Immaculate Conception; Dec. 25, Christmas.

Regional holidays: Apr. 7, Easter Monday (Barcelona & other Mediterranean areas); May 15, San Isidro (Madrid); May 30, San Fernando (Seville); July 31, St. Ignatius (Bilbao); Aug. 21, Semana Grande (Bilbao); Sept. 24, Our Lady of Mercy (Barcelona); Dec. 26, St. Stephen (Barcelona).

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Por LUIS SEMPERE
Consejero Comercial de España

NOTA SOBRE EL COMERCIO ENTRE ESPAÑA Y ESTADOS UNIDOS DURANTE EL PRIMER SEMESTRE DE 1979

La evolución general de los intercambios comerciales entre España y Estados Unidos durante el primer semestre de 1979, en comparación con periodos anteriores, queda reflejada en el cuadro N° 1.

De acuerdo con estas cifras generales las importaciones crecieron a rítmo rápido durante el periodo, mientras que las exportaciones no alcanzan el rítmo de crecimiento de años anteriores (15% en 1977 y 18% en 1978).

Por otra parte debe tenerse en cuenta que entre 1978 y 1979 se han producido fuertes variaciones en el tipo de cambio peseta/dólar. En efecto, en el periodo Enero-Junio 1978 la cotización media del dólar fué de 80.3 pesetas y en el periodo Enero-Junio 1979 su cotización media fué de 68 pesetas.

Esto significa que si los intercambios comerciales se miden en pesetas las importaciones y las exportaciones habrán crecido menos (o disminuido más) que cuando se utiliza el dólar como medida. La diferencia en los porcentajes de variación es aproximadamente un 15%, que ha sido el importe de la apreciación de la peseta durante el periodo considerado.

Esto es especialmente importante desde el punto de vista de los exportadores españoles que en última instancia convierten en pesetas los dólares que han recibido por la venta de sus productos.

En el cuadro N° 2 se analiza la evolución general de los intercambios comerciales medidos en pesetas. (La diferencia con los porcentajes de variación del cuadro N° 1 no es exactamente del 15%, ya que las cifras proceden de fuente distinta: cifras españolas y americanas).

Según los cuadros N° 1 y 2, la situación y los resultados correspondientes al periodo Enero/Junio 1979, expuestos en forma resumida, son los siguientes:

- La importación española de los Estados Unidos, medida en pesetas, aumentó en un 5.3% durante el periodo (cifra similar al crecimiento de la importación española total que fué del 4%).
- La exportación española a los Estados Unidos, expresada en pesetas, ha disminuido en un 8.2% (mientras que la exportación española total aumentó en un 18.5%).
- El índice de cobertura fué del 41.4% lo que supone un empeoramiento respecto al año anterior. (El índice de cobertura del comercio exterior de España con el mundo fué del 78%).
- En el periodo Enero-Junio 1978, el porcentaje de la exportación española que se dirije a Estados Unidos sigue reduciéndose (desde el máximo de 16.3%, alcanzado en 1972) y se fija en un 7.2%.
- El porcentaje de la importación española procedente de los Estados Unidos fué del 13.5%.

	enero/junio 1976	enero/junio 1977	enero/junio 1978	enero/junio 1979	% Variación enero/junio 1979/1978
	(millones de dólares)				
Importaciones españolas (CIF)	1.346	1.196	1.216	1.518	24.8
Exportaciones españolas (FOB)	426	489	578	628	8.7

COMERCIO ESPAÑA-ESTADOS UNIDOS

(Valor en miles de millones de pesetas - Dirección General de Aduanas)

Años	Importaciones españolas (CIF)	Exportaciones españolas (FOB)	Saldo	% Aumento de las importaciones (s/ el año ant.)	% Aumento de las exportaciones (s/ el año ant.)	Indice de cobertura en el comercio con USA	% de importación española que procede de USA	% de exportación española que se dirige a USA
enero/junio								
1976	88.1	27.9	-60.2	9.6	36.8	31.7	15.8	10.4
1977	82.3	33.7	-48.6	-6.6	20.8	40.9	12.9	9.5
1978	98.0	46.5	-51.5	19.1	38.0	47.4	13.4	9.3
1979	103.2	42.7	-60.5	5.3	-8.2	41.4	13.5	7.2

PRINCIPALES RENGLONES DE LA IMPORTACION DE LOS ESTADOS UNIDOS

(millones de dólares CIF)

Producto		enero/ junio 1977	enero/ junio 1978	enero/ junio 1979	% de variación 1979/1978
12.01.13) 23.04.91)	Habas de soja y tortas	248.7	256.9	313.3	22.0
10.05.91	Maíz	118.2	172.2	175.4	2.0
88.02) 88.03)	Aviones y sus partes	10.3	9.6	83.7	771.9
73.03	Chatarra	38.0	11.8	76.0	544.1
27	Productos petrolíferos	53.3	33.0	57.3	73.6
84.53.00) 84.55.01)	Equipos proceso datos y partes	44.8	43.8	56.9	29.9
84.59.11) 84.59.12)	Reactores nucleares	30.6	19.4	27.7	42.8
24.02.02	Tabaco elaborado	18.7	31.3	22.7	-27.5
4.01	Pieles y cueros	15.1	11.7	20.4	74.4
84.06	Motores explosión	9.4	9.0	18.2	102.2
84.23	Maquinaria obras publicas	18.1	16.4	17.4	6.1
24.01	Tabaco en rama	12.5	33.3	17.1	-48.7
90.28	Instrumentos de control y análisis	12.9	15.5	16.9	9.0
15.02.91	Sebos en bruto	12.5	7.4	15.2	105.4
55.01.00	Algodón	24.5	13.2	14.1	6.8
29.01.15	Estireno	7.0	5.5	13.8	150.9
10.01.91	Trigo duro	0.7	2.4	12.6	425.0
85.21	Componentes electrónicos	10.0	9.8	12.5	27.6
29.35	Compuestos heterocíclicos	8.5	7.4	12.1	63.5
44.05	Maderas	8.6	7.4	11.9	60.8
85.15	Transmisores y receptores	6.2	7.4	11.2	51.4
84.08	Motores a reacción	13.6	10.6	10.4	-1.9
84.61	Válvulas	6.2	10.4	10.0	-3.9
90.17	Instrumentos de medicina	8.7	9.2	10.0	8.7
38.14	Preparados antidetonantes	10.0	13.1	9.6	-26.7
26.03	Residuos metálicos	5.6	9.1	8.9	-2.2
43.01	Pieles en bruto	3.8	3.7	8.5	129.7
63.02	Trapos y desperdicios	10.2	9.3	8.3	-10.8
	A total	766.7	789.8	1.072.1	35.7
	B total importación	1.195.5	1.216.0	1.518.3	24.9
	C % A/B	64.1	65.0	70.6	

EL COMERCIO ENTRE ESPAÑA Y E.E.U.U. DURANTE EL PRIMER SEMESTRE DE 1979

Se analiza a continuación, con más detalle, la evolución de importaciones y exportaciones.

IMPORTACIONES

Durante los seis primeros meses de 1979 las importaciones alcanzaron la cifra de 1.518 millones de dólares lo que supone un aumento del 24.9% respecto a igual periodo de 1978.

En este periodo los Estados Unidos han sido el primer proveedor de España (delante de la República Federal Alemana y Francia).

En el cuadro N° 3, se recoge la evolución de los principales renglones de la importación española procedente de Estados Unidos.

No se han producido cambios importantes en la estructura de las importaciones españolas, que siguen concentradas en un número reducido de productos, y que están constituidas en gran parte por bienes de equipo y materias primas.

De la lista de principales renglones de la importación española de Estados Unidos desaparacen algunos productos que fueron importantes en periodos anteriores (sorgo, uranio, antibióticos) y aparecen estireno, trigo duro y pieles en bruto.

Las variaciones más significativas en productos concretos en el primer semestre de 1979, son los fuertes aumentos en la importación de chatarra, motores de explosión, sebos, estireno y trigo. Se refleja asimismo en el cuadro las compras de aviones durante el periodo. Las bajas más fuertes correspondieron a tabaco (elaborado y en rama), preparados antidetonantes y trapos.

EXPORTACIONES

Las exportaciones españolas a Estados Unidos durante el primer semestre de 1979 alcanzaron la cifra de 458 millones de dólares.

Como se ha indicado más arriba, las exportaciones españolas a Estados Unidos no han seguido el rítmo de la exportación española total durante los últimos años, por lo que nuestras ventas a este país sólo representan el 7.2% de las ventas totales (frente al 16% en 1972).

Los Estados Unidos constituyen el tercer cliente de España, después de Francia y la República Federal de Alemania (y con escasa ventaja sobre Italia).

En el cuadro N° 4 se recoje la evolución de los principales renglones de la exportación española a Estados Unidos. Se repite la advertencia incluida al princípio de esta nota en el sentido de que para conocer la evolución medida en pesetas de los renglones que se citan, debe deducirse aproximadamente un 15% de los porcentajes de variación que aparecen en el cuadro.

Teniento en cuenta lo anterior, y la subida de los precios de exportación durante el periodo, los resultados de la exportación española a Estados Unidos no han sido, en términos generales, muy brillantes.

En contra de lo ocurrido en periodos anteriores, los renglones de crecimiento más dinámico han correspondido, en general, a bienes de equipo o semimanufacturas, mientras que los bienes de consumo han mostrado estancamiento o descenso generalizados.

En efecto, los mejores resultados se han obtenido en los siguientes renglones: artículos de uso doméstico, grifería y valvulería, puntas y clavos, pernos y tuercas, maquinaria-herramienta, recambios para vehículos, cinc y motores de explosión. En lo que se refiere a los demás renglones importantes de productos intermedios, los neumáticos recuperan parte de la baja sufrida en el periodo anterior, mientras que los productos siderúrgicos (chapas, tubos, aceros aleados, etc.) presentan bajas notables que se pueden explicar por el anormal crecimiento que se produjo en 1978.

En cuanto a bienes de consumo, los mejores resultados corresponden a joyería y bisutería y lámparas. Se mantienen calzado y muebles, y bajan aceitunas, libros y bebidas alcohólicas. (Desaparecen del cuadro de los principales renglones los apartados de coñac, conservas de pescado, juguetes, tabaco, conservas de pimiento y confección.

Los dos grandes pilares de la exportación de bienes de consumo a Estados Unidos, el calzado y la aceituna, parecen encontrarse en un momento difícil.

En lo que se refiere a la exportación de calzado, las últimas cifras disponibles corresponden a los siete primeros meses de 1979 en que las exportaciones fueron de 12.200 millones de pesetas cifra inferior en un 6% a la alcanzada en igual periodo de 1978. La caída en el número de pares exportados ha sido—lógicamente—mayor debido a la subida de precios experimentada durante el periodo. En Enero-Julio 1979 se exportaron 18.2 millones de pares cifra inferior en un 23.5% a la de 1978. Los exportadores españoles del sector citan como causas de esta baja a la evolución del tipo de cambio de la peseta respecto del dólar, y a la subida de costes que coloca al calzado español, en el mercado americano, en precios iguales o superiores a su principal competidor (Italia).

En lo que se refiere a la aceituna, y después de unas altas cifras de exportación en 1978 (en que aumentó la cantidad exportado y disminuyó el precio medio), los meses transcurridos de 1979 presentan un aspecto mucho menos favorable ya que la continuada baja del precio medio ha venido acompañada por una fuerte baja, en torno al 15%, en la cantidad exportada.

Por último, el sector de bebidas alcohólicas cuya evolución en los últimos tres años parecía prometedora ha sufrido en el primer semestre de 1979 un notable retroceso.

En el momento en que se redactan estas notas (Noviembre de 1979) no parece que se esté produciendo en el segundo semestre del año un cambio significativo en la apuntada evolución de la exportación española de bienes de consumo. □

PRINCIPALES RENGLONES DE LA EXPORTACION ESPAÑOLA A LOS ESTADOS UNIDOS

(millones de dólares CIF)

Producto		enero/ junio 1977	enero/ junio 1978	enero/ junio 1979	% de variación 1979/1978
64	Calzado	107.9	130.7	150.2	14.9
40.11	Neumáticos	44.2	31.1	41.0	31.8
20.02.04) 20.02.94)	Aceitunas	37.2	39.1	31.5	-19.4
73.13	Chapas de hierro y acero	10.1	50.6	28.2	-44.3
79.01.01	Cinc en bruto	11.5	15.1	20.8	37.7
87.06	Recambios vehículos	8.9	9.2	14.7	59.8
84.45	Maquinaria-herramienta	3.7	5.3	10.8	103.8
73.18	Tubos de acero	2.2	12.7	9.0	-29.1
94	Muebles	7.2	7.9	8.8	11.4
73.25	Cables de acero	4.4	8.7	8.6	-1.2
27	Productos petrolíferos	45.5	9.7	8.5	-12.4
73.38	Artículos uso doméstico	3.6	2.2	8.3	277.2
15.07	Aceite de oliva	6.1	8.5	8.2	-3.5
73.11	Perfiles de hierro o acero	—	8.1	8.1	—
09.04.11) 32.04.01)	Pimentón y derivados	5.5	5.9	8.0	35.6
83.07	Aparatos de alumbrado	6.4	5.8	7.2	24.1
49.01	Libros	5.5	6.9	6.8	-1.5
71.12	Bisutería y joyería	4.0	4.3	6.7	55.1
73.15	Aceros aleados	5.4	11.2	6.5	-42.0
21.02.01	Extracto de café	7.6	5.6	5.6	—
73.31	Puntas y clavos	3.6	2.6	5.4	107.7
25.23	Cementos hidráulicos	1.5	5.2	5.1	-2.0
84.61	Grifería y valvulería	1.5	1.8	5.0	177.8
20.02.07	Alcachofas en conserva	1.5	4.5	4.6	2.2
73.32	Pernos y tuercas	2.0	2.2	4.5	104.6
82.03	Herramientas de mano	2.3	2.9	4.3	48.3
84.06	Motores explosión	1.9	2.4	4.3	79.2
13.03	Extractos vegetales	2.6	2.7	4.1	51.9
76.03	Planchas aluminio	—	—	4.1	—
27.06	Sangría	3.6	3.9	4.0	2.6
27.05.11	Vinos de Jerez	4.2	5.7	3.9	-31.6
48.10	Papel de fumar	2.4	2.2	3.9	77.3
20.05	Pastas de frutas	0.7	1.5	3.8	153.3
69.13	Estatuillas cerámicas	2.6	2.8	3.8	35.7
A Total		357.3	419.0	458.3	9.4
B Total exportación		489.2	577.6	627.6	8.7
C % A/B		73.0	72.5	73.0	

FROM "BUSINESS AMERICA," U.S. DEPT. OF COMMERCE

Spain: Inflation, Unemployment, Declining Investment Continue; Position of Price-Sensitive U.S. Exports Improves Sharply

Although still troubled by inflation, unemployment, and declining investment, Spain remains a major and growing market for U.S. exports, according to the U.S. Embassy in Madrid. The position of price-sensitive U.S. exports has improved sharply due to both the decline in the exchange value of the dollar and the appreciation of the Spanish peseta.

Although the Spanish economy has strengthened since its lowest period in 1977, it currently is troubled by inflation, unemployment and declining investment. Inflation is in the seventh straight year at levels of 14 percent or higher, but is now down ten percentage points from the 26.4 percent rate registered in 1977. Spain's acute balance of payments deficits of 1974-1977 have recently turned into comfortable surpluses, backed up by large foreign exchange reserves. The government's program of relative austerity in 1978 and 1979 that helped lower inflation and improved the payments balance brought the expected side effect of higher unemployment, currently estimated at 8.7 percent of the labor force. Growth, and especially its investment component, remains well below the levels of the early 1970s.

This year the economic successes of 1978 have not been appreciably consolidated. The government aimed for a reflation of the economy in 1979, together with a continuing rapid drop in the inflation rate. These twin goals, extremely difficult under any circumstances, were thwarted by factors including low levels of confidence among Spanish businessmen and investors, slack domestic demand, and the June 1979 round of OPEC price rises. The government's current strategy is to seek means to stimulate private sector investment without overheating the economy through lax monetary and fiscal policies.

Implications for U.S. business

The most significant immediate factor for American exporters is the rapid increase in Spanish imports which, for the first five months of 1979, increased $1.9 billion over the same period in 1978 or two and one-half times the $768 million increase in Spanish imports for the whole of 1978.

The monthly rate of increase in imports has increased substantially from $174 million in January to $538 million in May. A simple annualization of this trend suggests a 1979 over 1978 increase in Spanish imports on the order of $4.5 billion to reach a total of about $23 billion.

This rapid increase in imports is reflected in a broad range of product categories, with the largest increases occurring in iron and steel scrap, organic chemicals, meats, coal, fish, oil-bearing and other seeds, and livestock.

Thus far, U.S. exporters have supplied slightly over 13 percent of Spanish imports, approximately the same share of the market as in the same 1978 period.

Of significance to exporters

Also of significance to U.S. exporters are the numerous trade liberalization measures which have been implemented during the first half of 1979. These measures include removal of commodities from the globalized quota list to non-quota or "liberalized" status, and the lowering or removal of import duties for temporary periods, which have been repeatedly extended.

On a threshold level, the recently elaborated short and medium term economic program of the Spanish Government confirms a free enterprise and market-oriented strategy for the Spanish economy. Consistent with this strategy are statements by government officials which suggest the gradual phasing-out of the state trading system still used for some imports.

The notable depreciation of the dollar against the peseta since mid-1977 and the sharp increase in Spanish domestic prices raise the question as to whether the U.S. share of the market should not increase further. A partial answer may lie in the lower priority accorded the Spanish market by exporters due to the flatness of the economy in 1977 and 1978, and the resultant nominal increase in import demand. At this time, U.S. exporters may wish to review their positions to assure an appropriate sales effort in this important and rapidly expanding market.

While import statistics by major commodity groups for the first half of 1979 are not yet available, research conducted by the Department of Commerce shows good export opportunities in the fields of electronic components, food processing and packaging equipment, and machine tools. In addition, the Embassy is promoting electrical power, health care, laboratory, process control and security equipment. Tourism to the United States from Spain is increasingly attractive as a result of low transatlantic fares and the cheaper dollar.

New foreign private sector investment in Spain (of which the United States is

CONTINUED ON PAGE 28

Spain Extends Duty Reductions

As expected, Spain has extended for another three-month period, to Jan. 26, its reduction of duties on all imports (see *Business America*, Aug. 27). The renewal is largely due to Spain's general liberalization of tariff barriers and to record foreign exchange reserves. An indefinite extension of the reduction is expected unless the domestic economy changes notably.

Duty rates on all items in the Brussels Tariff Nomenclature (BTN) are reduced as follows: For ad valorem rates of 0 to 10 percent inclusive, the reduction is 10 percent; from 10 to 20 percent, the reduction is 20 percent; from 20 to 30 percent, the reduction is 30 percent; from more than 30 percent, the reduction is 40 percent. The reductions are cumulative. Specific rates are reduced by 15 percent. For example, a rate of 100 pesetas per kilogram is reduced to 85 pesetas per kilogram.

Spanish duty rates on specific products may be obtained from the Spain Country Specialist, Office of Country Marketing, U.S. Department of Commerce, Washington, D.C. 20230, tel. 202-377-4007. Inquiries should contain a complete product description, including BTN, SITC or U.S. Schedule B commodity numbers.

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LA MAYOR RED BANCARIA ESPAÑOLA EN EL EXTRANJERO

Prepared by J. & A. GARRIGUES, NEW YORK OFFICE

CURRENT LEGISLATION IN SPAIN

A SUMMARY OF SPANISH LEGISLATION PUBLISHED BETWEEN SEPTEMBER 23rd AND NOVEMBER 1st, 1979

ADMINISTRATIVE

1. Office of the Head of State. Law 5/1979, of September 18, concerning the granting of pensions, medical and pharmaceutical assistance and social assistance to widows, children and other relatives of Spaniards who died as a consequence of, or in connection with, the Spanish civil war. (Official State Gazette, September 28, 1979).

2. Office of the Head of State. Royal Decree-Law 15/1979, of September 21, introducing urgent measures in support of housing. (Official State Gazette, October 1, 1979). This provision clarifies the doubts raised by the recent Law on the Temporary System of Indirect Taxation. The provisions of this Law relating to business transfers of real estate will come into effect on July 1, 1980. In the Budgetary Laws of each year the rates of General Turnover Tax may be amended. For business transfers of real estate, this rate will be fixed at 3% as from the effective date of the reform of the Tax on Transfers and Legal Documents. Mortgate loans established prior to July 1, 1980, which constitute typical operations in the ordinary course of a company's business will be assessed to General Transfer Tax. As from this date, they will be liable to General Turnover Tax and will not be subject to Transfer Tax. From this same date, explicit resolutory conditions of purchase and sale transactions referred to in Article 11 of the Mortgage Act, which guarantee deferred payments in business transfers of real estate subject to General Turnover Tax, will pay neither Turnover Tax nor Transfer Tax. Leases of urban real estate which constitute typical operations of leasing companies will be assessable to General Turnover Tax, if entered into as from July 1, 1980. Those entered into prior to that date will be assessed in the manner established for General Transfer Tax. For dwellings enjoying official protection, the fees of Notaries and Registrars will be subject to a 50% reduction. On the first transfer they will pay solely the sum of 5,000 pesetas for notarial fees and 2,000 pesetas for registration fees.

3. Ministry of Finance. Royal Decree 2233/1979, of September 7, regulating the appeal for reversal proceding the economico-administrative appeal. (Official State Gazette, October 1, 1979). In this provision it is stated that the appeal for reversal will be optional in character and the economic-administrative appeal may not be instituted until the appeal for reversal has been resolved either expressly or by presumption. The body that has pronounced the contested decision will be competent to take cognizance of, and resolve upon, the appeal for reversal, which must be lodged within a term of 15 days. It is also provided that the appeal for reversal interrupts the terms for the exercise of other appeals and that they may be lodged by the taxpayers, by any other person whose legitimate and direct interests are affected by the administrative decision, and by the Comptroller General of the State Administration. The appellants must appear either personally or through a representative, and it is not mandatory for a Counsel or Solicitor to act for them. In the brief of appeal, the allegations relating both to questions of fact and to questions of law shall be set forth. As regards guarantees, it is stated that these may consist of a deposit in cash or in government paper, of a guarantee or personal bond placed by an official or private bank, or of a personal or joint and several guarantee or bond furnished by two local taxpayers of recognized solvency, for offenses involving less than 100,000 pesetas. Finally, it is stated that the appeal will be resolved within a term of 8 days.

4. Ministry of Territorial Administration. Royal Decree 2245/1979 of September 7, concerning transfers of responsibilities from the State Administration to the General Interinsular Council of the Balearic Islands in connection with troublesome, insalubrious, noxious and dangerous activities, city planning, agriculture, local fairs, tourism, transport and local administration. (Official State Gazette, October 1, 1979).

5. Ministry of Economy. Royal Decree 2294/1979, of September 14, amending the regulations governing credit to foreign purchasers (Official State Gazette, October 4, 1979). This Royal Decree adapts Spanish legislation to the international agreements signed by Spain as regards export credit. It is stated that the credit which private banks, the Banco Exterior de España, and savings banks grant to foreign purchasers or foreign financing companies for the acquisition in Spain of vessels, turn-key plants, capital equipment and similar products of Spanish manufacture will be computable within the coefficients of investment and within the minimum percentage to be maintained by savings banks within the coefficient of loans of special regulation. The amount of the export contract or contracts to be financed out of a credit may not be less than 14 million pesetas. Prior to delivery of the goods, the purchaser must have paid with funds deriving elsewhere than from Spanish credit, a minimum of 15% of the price of the transaction. The maximum repayment term of such credit facilities may not exceed 5 years.

6. Ministry of Economy, Royal Decree 2295/1979, of September 14, modifying the regulations on prefinancing export credit for consumer goods, intermediate products and raw materials covered by firm order (Official State Gazette, October 4, 1979).

7. Office of the Head of State. Organic Law 1/1979, of September 26th. General Penitentiary Law. (Official State Gazette, October 5, 1979). In the preliminary chapter it is stated that the penetentiary institutions have as their primary objective the reeducation and reclamation of convicts. These institutions will be organized separately for men and women and will be of two types: ordinary and open. They will be provided with special establishments for assistance, such as hospital centers,

psychiatric centers and centers of social rehabilitation. Penetentiary establishments will be equipped with suitable facilities including individual bedrooms, sick rooms, schools, libraries, sports and recreational facilities, workshops, yards, hairdressers, kitchens, dining rooms, individual visitors' booths, outside information departments and annexed rooms for family relations. Detainees will be released by the Director of the establishment if after 72 hours have elapsed from the time of their admission no court order or order of imprisonment has been received. The internee is entitled to wear his or her own clothes, provided they are suitable, or to opt for those provided by the establishment, which must be appropriate, adapted to the climatic conditions, and devoid of any element that may affect the dignity of the internee. Time will be so distributed as to ensure 8 hours per day for nightly rest. The remuneration for work may only be seized on the same conditions and subject to the same requirements as are established for the wages of "free" workers. Released prisoners who have registered with the Unemployment Office within 15 days following their release and have not received a suitable offer of employment, will be entitled to unemployment benefit on the conditions established in the regulations. The communications between internees and defense counsel, or a lawyer expressly summoned in connection with penal matters, and the solicitors representing them, shall be held on suitable premises and may not be suspended or supervised, except by order of the Judicial Authority and in cases of terrorism.

8. Office of the Head of State, Law 19/1979, of October 3, regulating the study of the Spanish Constitution in the "Bachillerato" (secondary education) and the first grade of Professional Training. (Official State Gazette, October 6, 1979).

9. Office of the Head of State. Law 15/1979, of October 2, concerning airport dues at national airports. (Official State Gazette, October 6, 1979).

10. Ministry of Culture. Royal Decree 2364/1979, of October 11, concerning the use of the State-controlled media during the informational campaign for the Referendum on the Statute of Autonomy of Catalonia (Official State Gazette, October 13, 1979).

11. Ministry of Culture. Royal Decree 2363/1979, of October 11, concerning the use of the State-controlled media during the informational campaign for the Referendum on the Statute of Autonomy of the Basque Country (Official State Gazette, October 13, 1979).

12. Ministry of Commerce and Tourism. Order of October 4, 1979, amending article one of the Order of September 15, 1978, concerning the system of prices and reservations of tourist accommodations (Official State Gazette, October 18, 1979). The operators of tourist accommodations may fix their prices without any obligation other than to notify the same to the Tourist Administration; that is to say, the system of maximum and minimum prices is abolished.

13. Ministry of Commerce and Tourism. Order of September 25, 1979, concerning the prevention of fires in tourist establishments (Official State Gazette, October 20, 1979).

14. Ministry of Commerce and Tourism. Royal Decree 2426/1979 of September 14, concerning the trading system and procedure for handling export formalities (Official State Gazette, October 20, 1979). A very important innovation is introduced with respect to the prior control of exportation, namely the possibility of suppressing prior export licenses in all those cases in which prior control is not absolutely necessary for reasons of commercial policy. This represents a considerable simplification in the processing of imports; also as regards shipments abroad, modifications are introduced which require neither a license nor a Customs declaration of export. Exportation, according to paragraph 4 of Article 3, will be carried out solely with with presentation to the Customs of the "customs declaration of export."

15. Office of the Head of State. Law 26/1979 of October 19, setting up the Fund of Urgent Action to compensate regional imbalances (Official State Gazette, October 24, 1979). The two regions with the greatest allocation under this Fund are Andalusia and Galicia.

16. Presidency of the Government. Order of October 25, 1979, on tourist credit (Official State Gazette, October 27, 1979). The purpose of this credit is to meet the partial financing of investments in the construction and expansion of hotel establishments and other tourist accommodation, in the modernization and alteration thereof, as well as in the conversion and adaptation of existing buildings.

17. Office of the Head of State. Law 29/1979 of October 30, concerning the creation of the Universities of Alicante, Cadiz and Leon and the Polytechnic of Las Palmas (Official State Gazette, October 31, 1979).

18. Ministry of Commerce and Tourism. Order of October 15, 1979 concerning the liberalization of zinc, copper and tin prices (Official State Gazette, November 1, 1979).

FISCAL

1. Office of the Head of State. Law 6/1979, of September 25, establishing temporary provisions governing indirect taxation (Official State Gazette, September 28, 1979). This Law modifies and eliminates various articles of the Reformulated Texts of the General Turnover and Luxury Taxes.

2. Ministry of Finance. Royal Decree 2342/1979, of August 3, concerning the application of the account entitled "Updating Budget Law 1979" (Official State Gazette, October 11, 1979). The capitalization of the balance of this Account may be carried out in one or several stages within the period elapsing from the date on which such balance has been checked and accepted by the Tax Inspectors and December 31, 1984, such capitalization being subject to the period verification of the Account by the Tax Inspectors, which may be carried out prior to December 31, 1982, operations of updating that have not been verified by that date being deemed accepted. It may not be capitalized if the assets side of the balance sheet of the company shows cumulative losses. Providing these requirements are satisfied, the capitalization of the account will be entirely tax-exempt.

3. Ministry of Finance. Order of September 28, 1979, concerning the updating of fixed tangible assets of legal entities. (Official State Gazette,

October 11, 1979). This Order also refers to the "Updating, Budget Law 1979." It is stated in this provision that companies may apply, in such proportion as they see fit, the coefficients or maximum limits of updating indicated in a scale contained in the Order. The capital gains resulting from the updating operations must necessarily be entered on the account "Updating, Budget Law 1979." The depreciation allowances computable for the purpose of determining the basis of Company Tax will be calculated on the new values. It will not be permitted to update working assets, fixed intangible assets, fixed financial assets or amortizable expenses. It is finally stated that firms taking advantage of the authorized updating will not be required to notify the Local Offices of the Ministry of Finance of their decision prior to making the accounting entries.

LABOR

1. Ministry of Health and Social Security. Royal Decree 2299/1979, of October 5, regulating an exception system for the deferred payment of Social Security contributions (Official State Gazette, October 6, 1979).

2. Presidency of the Government. Order of October 4, 1979, regulating the granting of work permits of restricted validity to foreigners. (Official State Gazette, October 8, 1979). This provision refers to labor activities of short or temporary duration and those carried out in frontier areas.

3. Ministry of Labor. Royal Decree 2343/1979 of October 5, fixing the national minimum wage at 692 pesetas per day, or 20,760 pesetas per month (Official State Gazette, October 11, 1979).

COMMERCIAL

1. Ministry of Economy. Order of September 27, 1979, concerning promoters of banks (Official State Gazette, October 5, 1979). From all groups promoting a banking concern, the Bank of Spain will demand, prior to any promotional activity, a list of the persons who are to form the first Board of Directors, stating their domiciles and nationality, together with a detailed and complete list of the present activities and the activity in which such persons have previously engaged. It is further provided that the promotion group must open a special account at the Bank of Spain, into which the future shareholders of the bank under promotion must directly and compulsorily pay all the amounts they contribute, in order to comply with such prerequisites as may be in force; to which end such account will be earmarked during the processing of the application, and may be drawn upon for the fulfillment of the said purposes or for the refund of the relevant amounts to each of the depositaries. Finally, the Order states that any publicity by the promoting group relating to promotional activities will require the prior approval of the Bank of Spain.

2. Presidency of the Government. Royal Decree 2329/1979, of September 14, approving the regulations for the application of Law 87/1978, of December 28, concerning Combined Agricultural Insurance (Official State Gazette, October 9, 1979). The agricultural risks that may be covered by this insurance will be those of hail, fire, drought, floods and hurricanes or high winds. Excluded from the coverage of the insurance are accidents classified by the Government as a "national catastrophe or calamity." The State Agricultural Insurance Entity, with the participation of the Agricultural Chambers and the professional and trade union organizations of agriculturalists, must draw up an annual Plan of Combined Agricultural Insurance, and the necessary credits to meet the subsidies provided by the insurance must be allocated in the budgets of the Ministry of Agriculture.

FOREIGN INVESTMENTS

1. Ministry of Commerce and Tourism. Royal Decree 2236/1979, of September 14, on Spanish investments abroad (Official State Gazette, September 26, 1979). By Spanish investments abroad are meant investments made by Spanish or foreign individuals resident in Spain and by Spanish legal entities. These investments are divided into three groups. The first comprises direct investments, participation in a foreign company or legal entity in a percentage equal to or exceeding 20% of such company. This type of investment is liberalized and consequently requires no prior governmental authorization, although it must be declared to the Directorate General of Foreign Transactions. The second group comprises portfolio investments, which are materialized through the acquisition of securities listed on foreign stock exchanges; Spanish investors may freely subscribe to and acquire such securities, but must notify the Directorate General of Foreign Transactions of their acquisitions, as in the case of direct investments. The third and last group refers to investments that are not liberalized under the provisions of this Royal Decree, and will require prior governmental authorization.

COMPRE PRODUCTOS ESPAÑOLES

2. Ministry of Commerce and Tourism. Order of September 14, 1979, concerning external liberalization as regards current invisible operations (Official State Gazette, September 27, 1979). This provision is intended to grant the maximum facilities for the payment and collection of monies between residents and non-residents, and lists in the relevant appendices both the payments and transfers liberalized, and the amounts of transfers that are authorized without prior declaration to the Directorate General of Foreign Transactions.

3. Ministry of Commerce and Tourism. Order of October 15, 1979, developing Royal Decree 2236/1979, of September 14, on Spanish investments abroad (Official State Gazette, November 3, 1979). This provision lists all the particulars and information that must be specified in the declarations of investments of Spanish capital abroad, as well as the subsequent information relating to the progress of such investments that must be submitted to the Directorate General of Foreign Transactions. Specimen forms of the declarations are also included in the apendices to the Order. With respect to direct investments, it stated that they must be notified on form TE 16. If a period of 30 business days elapses from the notification of the planned investment without any communication whatsoever having been received from the Administration, the interested parties may proceed to

CONTINUED ON PAGE 26

Emanuele Costa (left), Vice-President, Costa Line and Managing Director, Saudi National Lines inspects loading of MV KUDU in New York harbor with Capt. Catello Cimmino and William F. Burns (right), Vice President, Traffic.

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SAVANNAH:	(912) 232-5581
MIAMI:	(305) 373-4765
NEW ORLEANS:	(504) 568-1814/527-6600
HOUSTON:	(713) 659-5495/221-8500
LOS ANGELES:	(213) 624-4094
SAN FRANCISCO:	(415) 981-0343
PORTLAND (ORE.):	(503) 620-9160

implement the investment, acquiring the necessary foreign exchange from the delegate Banks, and submitting the relevant notification of payment to the Directorate General of Foreign Transactions on from A 08. With respect to portfolio investments, it is stated that the fixed-return securities that may be subscribed and acquired must necessarily be securities listed on foreign stock exchanges. Financial institutions and credit agencies making such investments shall notify the Directorate General of Foreign Transactions monthly of the operations of acquisition and disposal of foreign securities and Spanish securities denominated in foreign exchange carried out by them during the preceding month, on form TE 19. All other investors must notify the Directorate General of Foreign Transactions of these investments through the delegate Banks, completing form TE 20 for each operation of purchase or sale. This type of transaction is also subject to the term of 30 days established for direct investments.

With respect to non-liberalized investments, the Order contains the pro-forma questionnaire to be completed and submitted to the Directorate General of Foreign Transactions. In the event of re-investment in the same foreign company, out of its own resources or with the dividends distributed by it, provided the same percentage of initial participation is maintained, it will only be necessary to make the subsequent declaration thereof to the Directorate General on form TE 16. For the liquidation of direct investments, it will be necessary to complete and file form TE 17 with the Directorate General. In the event the acquirer is a resident, forms TE 16 and TE 17, covering investment and de-investment, must be submitted concurrently. If the liquidation occurs as a result of dissolution, then the latest balance sheet and the liquidation balance sheet must be submitted to the Directorate General of Foreign Transactions, in addition to form TE 17. A memorandum on direct investments must be filed with the Directorate General annually, within the first six months of each calendar year, on form TE 18. In all other case of investment, the obligation to submit such communications will only be applicable if the administrative authorization of the investment has so provided.

The modification of the characteristics and conditions upon which a Spanish capital investment abroad has been carried out or authorized, must be reported within a term of 30 days to the Directorate General of Foreign Transactions. For the purposes of bank domiciliation, the applicant must file copy No. 3 of form TE 16 with the delegate Bank indicated on such form, in the case of direct investments. For other types of investment, the operations must be domiciled at the delegate Bank through which the investment is made.

CONSTITUTIONAL

1. Organic Law 2/1979, of October 3, setting up the Constitutional Court (Official State Gazette, October 5, 1979). This Constitutional Court, as the supreme interpreter of the Constitution, will take cognizance of, among other matters, appeals and questions of unconstitutionality with respect to laws, provisions or decisions having the force of law; constitutional conflicts of competence between the State and the Autonomous Communities; the prior verification of constitutionality and appeals for protection against the violation of rights and public freedoms guaranteed by the Constitution. In no case may a question of jurisdiction or competence be raised against this Court, which will act in plenary session or by divisions, and will be composed of 12 members, to whom the title of Judges of the Constitutional Court will be given. The Plenary Court elects a president from among its members by secret ballot, and proposes to the King his appointment for a period of three years, upon the expiration of which term he may be reelected once only.

The appointment as Judge of the Constitutional Court will be for 9 years, and the Court will be renewed by thirds every three years. Its members must be appointed from among Spanish citizens who are judges, public attorneys, university professors, public functionaries or lawyers, all of whom must be jurists of recognized standing with more than 15 years' professional practice. They may not hold concurrently the office of Judge of this Court and those of "Ombudsman," Deputy and Senator, any political or administrative office of the State, the Autonomous Communities, the Provinces or other local authorities, nor exercise any jurisdiction or activity proper to the judicial profession or that of public attorneys, or hold employment of any kind in courts or police courts, discharge executive offices in political parties, trade unions, associations, foundations or professional bodies or any manner of employment at the service thereof, nor engage in professional or commercial activities. Judges who have held the office for a minimum of 3 years will be entitled to a transitional remuneration during one year, equivalent to the remuneration received at the time of their cessation.

INTERNATIONAL

1. Ministry of Foreign Affairs. Agreement on Maritime Cooperation between the Kingdom of Spain and the Republic of the Ivory Coast, made in Abidjan on September 10, 1979 (Official State Gazette, October 8, 1979).

2. Office of the Head of State. Instrument of Ratification of the Agreement for the Protection of Human Rights and Fundamental Freedoms, made in Rome on November 4, 1950 and amended by Additional Protocols of May 3 and 5, 1963 and January 20, 1966 respectively (Official State Gazette, October 10, 1979).

3. Ministry of Foreign Affairs. Final entry into force of the Air Transport Agreement between the Government of the Kingdom of Spain and the Government of the Islamic Republic of Pakistan, signed in Madrid on June 19, 1979 (Official State Gazette, October 18, 1979).

4. Ministry of Foreign Affairs. Protocol of provisional agreement on deep-sea fishing between the Government of the Kingdom of Spain and the Government of the Kingdom of Morocco, made in Rabat on June 29, 1979 (Official State Gazette, October 22, 1979). This provisional Protocol will continue for a period of 3 months, ending on December 31, 1979. Prior to that date the two parties will hold consultations to consider the appropriateness of a possible extension.

5. Ministry of Foreign Affairs. Commercial Air Transport Agreement between the Kingdom of Spain and the Republic of Uruguay, signed in Montevideo on August 13, 1979 (Official State Gazette, October 24, 1979).

6. Ministry of Foreign Affairs. Correc-

CONTINUED ON PAGE 28

FROM THE SPANISH
NATIONAL TOURIST OFFICE

SPAIN'S CELEBRITY CASTLES

"Spain's castles are themselves movie stars and genuine celebrities, an open invitation to investigate and explore."

By CHARLES OCHELTREE

The castle of Manzanares El Real has been immortalized in the advertisements Japanese camara company.

In 1561 King Felipe (Phillip) II began construction on the Royal Palace at Aranjuez, a refreshing spot on the River Tajo. Aranjuez is a day's ride south of Madrid by horse; or, if you prefer, 40 minutes by car on highway N-IV; it is also the last oasis before that arid region known as La Mancha. Aranjuez was convenient.

So convenient, in fact, that four centuries later Richard Lester used the palace in his remake of the Dumas classic, "The Three Musketeers," as well as in a sequel, "The Four Musketeers." The Palace of Aranjuez became a celebrity, so to speak—one of four such celebrities located within a 50 mile radius of Madrid, Spain's capital and the genuine hub of tourist activity.

Aranjuez merits a visit for other reason than just to see the courtyard where Faye Dunaway tried to steal Michael York from Racquel Welch. The main building, as it exists today, was completed in 1715, after nearly two centuries of intermitent work by a series of Spanish kings. By that time the Borbóns were on the throne and not about to be outdone by their French relatives (the Bourbons). The similarities to Versailles in decor and gardens are evident.

The palace complex is open from 10 a.m. to 1 p.m. and 4 p.m. to 7 p.m. in the summer months, with tours conducted in English on a regular basis. Admission to the complex is 35 pesetas (roughly 50 cents).

Be sure to pay attention to the porcelain room. Walls, decorations, etc. of oriental motif were all produced by the Buen Retiro factory in Madrid between 1759 and 1765, and the room can be dis-assembled. Franz Josef liked it so much he had a wooden imitation constructed at his Schonbron Palace in Vienna.

The country retreat of La Granja de San Ildefonso, normally associated with Felipe V and his beautiful Italian wife Isabel de Farnesio, is just through the pine-covered Navacerrada Pass of the Guadarrama Mountains, sixty kilometers north of Madrid on highway N-601. La Granja also has gained notoriety from its part in Lester's Musketeer films.

The clock collection of Felipe V is phenomenal. It is inside the palace at La Granja, which is open from 10 a.m. to 1 p.m. and 3:30 p.m. to 6:30 p.m., with guided tours. Hall after hall is filled with fairy tale-like timepieces, chiming in unison on the hour and half hour.

Architecturally, La Granja shows the French influence, and the graceful fountains and promenades of the foothill gardens are often, again, compared to those of Versailles. The admission charge includes entrance not only to the palace but also to the Tapestry Museum—which includes many Flemish works which came to Spain in part payment of the taxes levied on the Low Countries when they were under Spanish domination in the 16th century.

The fabulous fountains of La Gran-

SPAIN'S CELEBRITY CASTLES CONTINUED

ja, powered by gravity, bubble and spray at 5 p.m. on Thursdays, Saturdays and Sundays, as well as on several holidays.

The romance of the movie "Camelot," which starred Burton in his prime, can be retraced in the city of Segovia, six miles north of La Granja on the same highway. The Alcazar (castle) of Segovia played a major role in that movie. Franco Nero bounded up one of its stairways while immortalizing the song "C'est Moi," and the final curtain scene took place in the river bed below the Alcazar's formidable walls [see cover photo].

The Alcazar was built in the 13th century by Alfonso VIII. You can reach it through the old town of Segovia, crossing the moat and paying a 25 peseta entrance fee. It is open from 10:30 a.m. to 6:00 p.m., even though it houses the Artillery Academy. But don't let that stop you from exploring the castle keep and enjoying its unobstructed view of mountains to the south and plains to the north, down to the dungeon deep, with its equally unobstructed view of total darkness. Tours are loosely conducted by multilingual guides. You can attach yourself to a tour, or you can tour on your own (which is not allowed in the other "celebrity palaces.") If you can read Spanish, you will see that most chambers have plaques telling you that "Ferdinand and Isabella slept here," or some such tidbit of information. Look up as you walk—the inlaid wood ceilings of Moorish design are outstanding!

Once you have roamed through the interior of the Alcazar, take time to make the trip out of town and around the front of the castle. Spectacular for photographing and a truly unforgettable sight! It is easy to see why this castle is one of the most celebrated "celebrities" in Spain.

Where Segovia's Alcazar is overpowering, the castle of Manzanares El Real, only a half hour due north of Madrid on the road to El Pardo, is architectural art. Built in the 15th century by the Duke of Infantado, Manzanares El Real has been immortalized by the Japanese.

You don't buy that? Then take a look at the advertisements of Canon, the Japanese camera company. Canon has used the castle to illustrate that their equipment is best for capturing travel memories.

In all fairness, the beauty of this castle cannot be captured adequately by a camera. Constructed in the traditional medieval castle style, but with tasteful Gothic embellishments and Mudejar overtones, the castle has just recently been fully restored by the Provincial Government of Madrid. The interior now houses a convention hall and projection theater, as well as archives and a library, all of which are open to the public. But it is the exterior view which is worth its weight in celluloid. Its proximity to Madrid, while still appearing relatively isolated, makes Manzanares El Real a perfect target for the shutterbug.

Hollywood may have its tours of celebrities' houses; but Spain's castles are themselves movie stars and genuine celebrities, and they are an open invitation to investigate and explore. And another thing: You won't have to take your pictures from the windows of a moving bus. □

CURRENT LEGISLATION IN SPAIN CONTINUED FROM PAGE 24

tions of errors in the Agreement between the Government of Spain and the Government of the Republic of Portugal concerning the suppression of the need for passports, signed in Madrid on April 17, 1979. (Official State Gazette, October 27, 1979).

7. Ministry of Foreign Affairs. Supplement to the Execution Agreement for the establishment of a project of small solar power systems, phase 2, signed in Paris on May 22, 1979 (Official State Gazette, October 30, 1979).

8. Office of the Head of State. Instrument of Ratification of Agreement N° 140, of the ILO, relating to paid leave for studies, dated June 24, 1974 (Official State Gazette, October 31, 1979).

'BUSINESS AMERICA,' U.S. DEPARTMENT OF COMMERCE

CONTINUED FROM PAGE 20

the largest single source) continues to increase rapidly, having doubled in each of the last two years and in the first five months of 1979 having exceeded the whole of 1978.

With the increasing size, quality and level of sophistication of Spanish manufactures, as well as consideration of import duties and transportation, an increasing number of American firms are considering joint ventures or the establishment of manufacturing facilities in Spain as the most feasible way of retaining their shares of the Spanish market and as a means of entering the Common Market. The government's high priority efforts to increase Spanish private sector investment should further enhance the investment climate for foreigners.

U.S. companies interested in selling to or investing in Spain should consider the various facilities that the U.S. Government offers in order to help enter this market. These are available at the nearest District Office of the U.S. Department of Commerce.

Foreign Service officers provide additional in-country assistance at the Embassy in Madrid (Serrano 75, Madrid 6, Tel: 276 36 00, Telex: 27763 AmEmb E) and at consulates in the cities of Barcelona (Via Layetana, 33, Barcelona 3, Tel: 319 95 50, Telex: 52672 CGBAR E); Bilbao (Av. del Ejercito 11-3°, Bilbao 14, Tel: 435 8300, Telex: 31493 ACBIL E); and Seville (Paseo de las Delicias, 7, Seville 12, Tel: 23 18 85, Telex: 72280 CGSEV E).

The American Chamber of Commerce in Spain is also willing to assist U.S. companies entering the Spanish market or seeking to expand sales there. The Chamber's headquarters are located at Edificio Torre de Barcelona, Diagonal 477, Barcelona 36, Spain; the Chamber also has an office in Madrid located in the Hotel Euro-building, Office 9-A, Calle Padre Damian, 23, Madrid 16, Spain.

Export Financing Hot Line

A small business advisory hot line service has been established for exporters by the U.S. Export-Import Bank. The number is 800-424-5201. Eximbank's business advisory officers will assist companies in developing an effective and competitive export financing program.

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SPANISH DIRECT PRIVATE CAPITAL INVESTMENT ABROAD

Excerpts from a report distributed by the Industry and Trade Administration of the United States Department of Commerce

Spain is a net recipient of long-term capital and is expected to remain so for the foreseeable future. Nevertheless, investments abroad by Spanish firms have increased in an important way during the 1970s, reaching levels of 13,495 million pesetas ($193 million) in 1977 and P12,897 million ($184 million) in 1978, with the cumulative total of private direct investments abroad since 1963 totalling P57,128 million ($816 million).

As may be seen in the following table, the slight decline in the peseta value of investments authorized in 1978 occurred notwithstanding a 57% decline in the average value of investments in 1978 to P30 million, which may be attributed to the difficult circumstances encountered by many Spanish firms as a result of the adjustment and stabilization process, including tight credit, which the Spanish economy was undergoing at that time, and which continues to a lesser degree. This constraint is expected to be temporary and it is generally perceived that the structure and future growth of the Spanish economy will result in increasing amounts of private capital for investment abroad. In addition, the regulations and procedures governing Spanish private investment abroad were liberalized and simplified in 1978. This had the effect of narrowing the category of investment proposals requiring approval by the Council of Ministers and shortening the time required for authorization from three months to thirty days, on average.

INVESTMENT BY COUNTRY OF DESTINATION

The direction of Spanish private investment is increasingly to Latin America and less to the European Economic Community. In 1978, about 65% of total private investment went to Latin America, with only 15% to the EEC and 8% to the United States, of which three fourths was to Puerto Rico.

Latin America is particularly attractive to Spanish investors because of the natural afinity, the intermediate level of economic development in most of Latin America, which complements the level of economic development in Spain, and the outlook for rapid economic growth in the area. Spanish investors expect to supply capital equipment, technology and know-how for the manufacture of a diverse number of products, thereby penetrating well-protected markets and opening them to subsequent intermediate products.

By contrast, Spanish investment in the EEC does not tend to be in industrial products, but rather in commercial ventures which are essentially to facilitate the distribution of Spanish exports.

As may be seen in the following table, Venezuela and Argentina were, by orders of magnitude, the largest recipients of Spanish investment in 1977 and 1978 respectively. The investment in Venezuela relates to an unusually high level of activity in truck and bus manufacturing and in shipyards.

In Argentina, investments were directed largely to joint ventures in fishing and fish processing, reflecting recent limitations on fishing rights in waters traditinally fished by the Spanish fleets and the benefits of a special import regime for products of qualified joint ventures in fishing.

INVESTMENT BY ECONOMIC SECTOR

The following table shows the distribution of private investment by economic sector, with four sectors com-

SPANISH DIRECT CAPITAL INVESTMENTS ABROAD
(millions of pesetas)

	1977		1978		Percentage Increment	
	Number	Value	Number	Value		
Presented	390	14,173	149	18,594	17.70	31.20
Resolved	351	14,362	485	14,584	38.18	1.55
Authorized	272	13,494	429	12,897	57.73	—4.60

SPANISH DIRECT CAPITAL INVESTMENT BY COUNTRY OF DESTINATION

Country	Peseta Investment 1977	Percentage	Peseta Investment 1978	Percentage
West Germany	—	—	159,902,000	1.24
Argentina	500,903.095	3.72	2,690,438,579	20.07
Saudi Arabia	104,727,300	0.77	—	—
Algeria	—	—	494,500,000	3.84
Belgium	519,792,453	3.86	31,131,000	0.24
Brazil	554,317,731	4.11	586,039,000	4.54
Canada	—	—	23,700,000	0.18
Colombia	—	—	32,287,791	0.26
Chile	224,601,000	1.66	826,859,400	6.42
Ecuador	109,491,600	0.81	248,081,556	1.93
Egypt	—	—	80,000,000	0.63
United States	1,208,434,975	8.96	258,594,895	2.00
France	498,902,850	3.70	785,968,580	6.10
Gabon	—	—	25,000,000	0.20
Great Britain	639,827,480	4.75	224,213,582	1.74
Greece	—	—	39,980,000	0.31
Guatemala	651,345,000	4.83	—	—
Haiti	—	—	43,487,500	0.34
Holland	—	—	407,359,000	3.16
Honduras	—	—	162,624,000	1.27
Iran	2,240,000	0.01	10,000,000	0.07
Italy	128,876,000	0.95	77,210,000	0.59
Luxembourg	472,000	0.00	238,411,000	1.85
Morocco	273,712,205	2.03	456,034,988	3.54
Mexico	160,366,580	1.18	638,935,473	4.96
Nicaragua	120,591,500	0.89	—	—
Nigeria	267,058,000	1.97	46,800,000	0.37
Panama	192,874,000	1.42	154,054,480	1.20
Paraguay	313,786,000	2.33	218,233,288	1.69
Peru	555,300,000	4.12	—	—
Portugal	256,053,731	1.89	358,372,486	2.78
Puerto Rico	697,203,000	5.17	739,280,000	5.74
Domincan Republic	141,805,625	1.05	351,886,050	2.72
Senegal	—	—	109,244,000	0.85
Switzerland	34,293,300	0.25	183,071,000	1.42
Tunisia	113,400,000	0.84	—	—
Uruguay	—	—	989,271,000	7.67
Venezuela	4,636,571,356	34.36	1,066,493,710	8.77
Other countries	588,035,011	4.37	138,105,000	1.07
	13,494,981,792	**100.00**	**12,897,394,492**	**100.00**

prising 74% of the total. The leading sector in 1978 (and in the previous two years) was banking, reflecting the dual purpose of obtaining access to additional sources of finance and to promote economic and commercial interests. The second most important sector is agriculture and fishing, reflecting the interests mentioned above. The third most important sector is industry-related wholesale operations and hotels and restaurants, followed closely by mining and chemicals.

Disaggregation of these sectors reveals the most important activities as follows: In Sector 0, fishing; in

Sector 2, cement manufacturing and mining; in Sector 3, manufacture of non-electric tools, manufacture of dry- and wet-cell batteries, and manufacture and assembly of automobiles and their motors; diverse industrial manufacturing in Sector 4; building and public works in Sector 5; in Sector 6, wholesale agricultural commodities and foodstuffs, other industrial wholesale activities, and hotels and motels; and in Sector 8, other financial institutions and technical services.

SPANISH DIRECT CAPITAL INVESTMENT ABROAD BY ECONOMIC SECTOR

	Pesetas 1977	%	Pesetas 1978	%
0. Agriculture, livestock, game hunting, forestry, and fisheries.	1,285,252,607	9.53	2,468,260,500	19.14
1. Energy and water	113,000	0.00	147,835,280	1.14
2. Extraction and transformation of non-energy minerals and by-products, chemical industry	342,869,098	2.55	1,658,193,558	12.86
3. Metal transformation industries; precision machining	5,309,136,776	39.35	1,185,011,316	9.19
4. Other manufacturing industries	560,555,297	4.16	945,356,532	7.33
5. Construction (building)	95,423,000	0.70	909,171,796	7.04
6. Trade, restaurants and hotels, repairs	2,219,096,207	16.44	1,706,797,665	13.24
7. Transportation and communications	161,793,230	1.19	116,252,060	0.91
8. Financial institutions, insurance, services to companies and rentals	3,520,542,577	26.08	3,751,651,785	29.09
9. Others	—	—	8,864,000	0.06
Totals	**13,494,981,792**	**100.00**	**12,897,394,492**	**100.00**

EFFECT OF CAPITAL INVESTMENT FLOWS ON BALANCE OF PAYMENTS

The negative net effect in the amount of US$240 million of Spanish private investment abroad on the balance of payments of Spain in 1978 is shown in the following table, which compares 1977 with 1978. The table includes not only direct investment but also portfolio investment, investment in real estate and other. The majority of the net deficit (56%) is attributed to direct investment, with 46% resulting from "other" activities. The other categories are negligible.

BALANCE OF PAYMENTS
(millions of US$)

	1977			1978		
Private Capital from Spain to Abroad	**Inflow**	**Payments**	**Balance**	**Inflow**	**Payments**	**Balance**
Investments	97.48	281.89	-184.41	91.62	340.80	-240.18
Direct	3.92	143.75	-139.83	3.93	137.82	-133.89
Portfolio	18.40	20.63	- 2.23	13.00	17.94	-4.04
Real Estate	0.41	0.54	- 0.13	1.89	0.78	1.11
Other	74.75	116.97	- 42.22	71.90	184.26	-112.36

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News in Brief . . .

Board Establishes New "Sustaining" Memberships

On December 4th the Board of Directors of the Chamber approved a new category of Chamber membership, "Sustaining Members." Sustaining membership will be on a strictly voluntary basis and will carry no additional membership privileges.

The Board had initially considered raising the general dues for all members, which had not been raised for several years. Instead, however, it was decided to establish the new category, the dues for which will be $300, in order not to penalize smaller members. At the same time, members who wish to support the work of the Chamber and can afford to contribute more will be able to do so. The Board requested that all members who can afford it join as Sustaining Members so that the work of the Chamber can continue at full steam despite the current inflationary situation.

Mr. John Codina, First Vice President and a "Founding Father" of the Chamber, announced that his firm would become the first Sustaining Member .

Ramon Rico of Iberia Airlines Decorated by Spain

In a recent ceremony at the home of Consul General Rafael de los Casares, Ramon Rico, Manager of Stations-U.S.A. for Iberia International Airlines of Spain, was presented with the Cruz de Caballero de la Orden del Merito Civil on behalf of H.M. King Juan Carlos I. Above, from left to right, are the Consul General, Mr. Rico, and Jaime de Pinies, Ambassador of Spain to the United Nations.

Ford Led Auto Exporters in First Quarter of 1979

Ford led auto exports from Spain during the first quarter of 1979, with 65,870 vehicles, followed by Seat with 31,057 and Fasa-Renault with 21,047. Chrysler suffered an 87% drop to 939 units vs. 7,016 during the same period of 1978. Total Spanish exports of 130,844 units was 2.8% larger than in the first quarter of 1978.

Tasting Features Bodegas Bilbainas Wines of Rioja Alta

At left, Consul General Rafael de los Casares inspects a bottle at a tasting of "Classic Wines of the Rioja Alta" by Bodegas Bilbainas. The tasting, held in November at the Fonda La Paloma, 256 East 49th Street, featured eleven Bilbaina wines from Rioja, in vintages ranging from 1966 to 1975.

Spanish Institute Announces Winter Courses in Spanish

The Winter-Spring 1980 semester of courses in Spanish will begin at The Spanish Institute on January 21st. Courses are offered at the elementary, intermediate and advanced levels and in a wide choice of time periods including morning, afternoon, evening and Saturday classes of 30 or 60 hours. Special courses are also presented in Spanish Literature and Poetry. The Spanish Institute features small classes of 12 persons or less. Tuition is $240 for 60-hour and $130 for 30-hour courses. For information call the Institute at (212) 628-0420.

Publication Received: "Wines, Labels and Vineyards."

This listing of wines, vineyards and labels throughout the world contains a section on Spanish wines which the Chamber helped to assemble. Published by Ottenheimer Publishers, Inc., 1632 Reisterstown Road, Baltimore, Md. 21208, it is available in selected bookstores or through Mr. John L. Nanovic, 60 East 42 St., New York, N.Y. 10017 (MU 7-4185), at a price of $7.50, or $5.00 in lots of 25 for promotional or other purposes.

New Headquarters for American Importers Association

The American Importers Association has moved to substantially expanded New York headquarters at 11 West 42nd Street, after a decade at 420 Lexington Avenue. Formed in 1921 by a handful of importers, AIA has today a membership of over 1300 importers and related concerns, large and small, with new members joining at an average rate of 150 per year. The Association's activities include fighting aggressive special interest protectionist proposals in the legislative and regulatory arena. The new headquarters will make possible further planned expansion of these and other AIA activities.

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Perfumes & cosmetics:
Segura, S.A.
Angel Guimera, 7 y 9
Barcelona-17

Coral, lapislazuli, turquoise (natural & molded):
Sr. D. Juan Antonio Marinez
Lapilaдoras Automaticas
Ruben Vela, 23, 1a
Valencia-6

Cosmetics:
Comextol, S.A.
Sagasta 19, 3°
Madrid-4

Incense:
Comercial Jorme
Avenida Granvia
Bloque C., Bajos
Hospitalet (Barcelona)

Toys:
Industrias Tecnico Auxiliares, S.L.
Apartado 183
Alicante

Floor clocks:
Obart, S.A.
Miguel Yuste, 16
Madrid-17

Decorative articles, gifts made of semi-precious stones:
Eurodiant, S.A.
Moratin, 8
Madrid-14

Rugs, printed & flat velvet, upholstery, drapes:
Comercial Sert, S.A.
Apartado 5300
Barcelona-9

Wooden containers:
Sr. D. Manuel Toribio
Apartado 204
Jerez de la Frontera

Rubber gloves:
Jori Cebrian
Club Master, 7
Muntaner 479, 4°
Barcelona-21

Films:
Portadores de Sonido, S.A.
Hortaleza 188
Plaza de Santa Barbara
Madrid-4

Jewelry, small silver articles:
Jorge Miguel Fenoll Brunet
Miguel Planas, 15
Cambrils (Tarragona)

Olive wood products, kitchen utensils, dinnerware:
Genovart
C. Venerable Sor Ana, s/n
Valldemosa (Mallorca)

Handmade tapestries for decoration:
S. Scheinuk
Paseo de Gracia, 60
Barcelona-7

Machinery for treating minerals:
Sr. D. Francisco Nieto Navarro
Apartado 342
Cartagena

Leather ready-to-wear:
Bartolomé Sanchis
BARTON
Avenida Alferez Provisional 122
Valencia-9

Metallic accessories for the naval industry; bathroom fixtures:
INVAL, S.A.
Jesús Morante Borrás, 12
Cuart de Poblet (Valencia)

Ladies' wear, knitwear:
Estiltex, S.A.
Papa Pío, 77, 2a planta
Sabadell

Metal bottle caps:
Comercial AYGO
Plaza de Alcazar, 4
Pamplona

Lamps:
Peravil
Polígono Industrial Juncaril
Carretera de Madrid, km. 7300
Peligros (Granada)

Lighting equipment for discotheques; electronic materials:
Satel, S.L.
Caballero de Gracia, 14
Madrid-14

Travel bags, suitcases, nylon sports bags:
Commercial Hernández Cuadra
General Mola, 12
Madrid-1

Chocolates, confectionery, cocoa substitute, flour:
Nutritecnica, S.A.
Apartado 150
Reus

Medical equipment:
Tecamed, S.A.
Avda. Ignacio Wallis, 29
Ibiza (Baleares)

Electronic security systems for banks:
KB Electronica, S.A.
Agullers, 1 bis, bajo
Barcelona-3

Safety boxes:
Kaudalyta, S.A.
Avda. de Roma, 35
Barcelona-29

Olive wood furniture; glass & porcelain articles:
Ramón Sánchez
Saho-Comercio Exterior
Sánchez Pastor, 1, 2°
Malaga

Floor lamps, gift articles:
Narciso Fradera, S.A.
Ronda San Pedro, 55
Barcelona-10

Jewelry:
Taller de Joyería
Antonio Pérez
Arenillas, 13
Córdoba

Electric materials; electronic equipment; toys; plastic products:
Dionisio Martín Sanz
Autocampo, S.A.
Covarrubias, 1
Madrid-10

Automobile parts; pharmaceutical products; glass & plastic containers; machines & tools for mine working:
Ecoma, S.A.
Avenida Brazil, 14
Madrid-20

Olives; green pitted olives:
Egabrense Agricola, S.A.
Carretera Monturque Cabra Km. 10,200
Cabra (Córdoba)

Ladies', men's and boys' wear; decorative articles; footwear; office and home furniture:
Bufete Economico de Comercio Exterior
Via Layetana, 161
Pral 1a
Barcelona-37

Magnetic locks:
Florencio Garrido Gómez
Novi Española, S.A.
Apartado 219
Zona Industrial de Gamarra
Vitoria

Textiles, blankets, bedspreads:
Llopir, S.A.
Antigua Ctra. a Vallcanesa, s/n
Ruidarenas (Gerona)

Plastic tapes:
Manipulación General del Paper
CEL-LO, S.A.
Carretera del Medrio, 54
Hospitalet de Llobregat (Barcelona)

Rolling platforms for appliances; garden tools; barbeque equipment; household furniture:
Celma, S.A.
Prolongación C/Tirso de Molina, s/n
Cornellá (Barcelona)

Charts, guides & sketches for cities, agendas, geographical and universal maps, atlases:
Agustín Gainza
Geguri Editorial, S.A.
Espartero, 10
Bilbao-9

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J.A.L., S.A.
Albasanz, 67
Madrid-17

Animal vaccines:
Laboratorios e industrias Iven, S.A.
Alcántara, 71
Madrid

Commercialization of electronic products:
Neotecnica, S.A.E.
Marqués de Urquijo, 44
Madrid-8

Cellular plate glass:
Polydros, S.A.
Saturnino Calleja, 18
Madrid-2

Gasoline caps with lock against theft; radiator & lock caps & cigarette lighters for automobiles:
Proauto P. J. Iberica, S.A.
Fernández de Oviedo, 8
Madrid-2

Closets for offices, patented (mounted without tools):
Amueblamientos, S.A.
Alfonso Gómez, 29
Madrid-17

Formwork for building:
Andamios In, S.A.
Avenida Generalisimo, 52
Madrid-16

Wines, vinegar, concentrated most, liquors:
Cía. Internacional Vinicola Agricola (CIVINASA)
General Mola, 45
Madrid-1

Publishers:
Editorial Fundamentos, S.A.
Caracas, 15
Madrid-4

'Software' packages for hotels; elaboration of patents on room bars:
Electrotecnica Melia, S.A.
Serrano, 63, 2°
Madrid-1

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The Mennen Co.
Hanover Avenue
Morristown, New Jersey

Joyería damaquinada:
Mr. Robert P. Cushman
4601 Curties Drive
Virginia Beach, Va. 23455

Productos de pescado:
Mr. Palmi Ingvarsson
Caribou Fisheries
159 East Main Street
Gloucester, Mass. 01930

Caramelos:
Dalt International
P.O. Box 1074
360 Sylvan Avenue
Englewood Cliffs, N.J. 07632
Attn: Mr. Luis Alaimo

Caramelos:
R. L. Albert & Son, Inc.
19 West Elm St.
Greenwich, Conn. 06830
Attn: Mr. Sid Albert

Caramelos:
Jaret International
2670 Stillwell Avenue
Brooklyn, N.Y. 11224

Caramelos:
Kaufman Confectionery
124-17 Metropolitan Avenue
Kew Gardens, N.Y. 11415
Attn: Mr. Eddie Greenberg

Frutas desecadas:
Mr. Henry Koza
Hollander Trading Corp.
80 Pine Street
New York, N.Y. 10005

Sal gema y sal marina:
Mr. Lovell Surber
Georgia Ports Authority
Suite 240
1900 The Exchange
Atlanta, Georgia 30339

Pinturas artísticas; armaduras de epoca:
Art Imports
Attn: Mr. Tom Bartnikowski
P.O. Box 33265
North Royalton, Ohio 44133

Vinos:
Dr. Alan Lipschitz
305 East 24 St.
New York, N.Y. 10010

Artículos de regalos; joyería; confección:
Wildcat Valley Country Store
Jackson, New Hampshire 03846

Mosquetones:
Everlast Sporting Goods
Manufacturing Co., Inc.
750 East 132 Street
Bronx, New York 10454

Herramientas de mano:
The Carborundum Co.
4 Cornwall Drive
East Brunswick, N.J. 08816

Tanques y cisternas para baños:
Prospects International Ltd.
1271 Avenue of the Americas
New York, N.Y. 10020

Frutas y vegetales en conserva y congeladas:
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New York, N.Y. 10017

Cerillas; cajas para cerillas; artículos publicitarios hechos de plástico:
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42-72 80th Street
Elmhurst, New York 11373

Perlas de imitación:
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38 East 29 St.
New York, N.Y 10016

Pieles de oveja y desperdicios de pieles:
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Pieles de conejo:
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232 West 30th Street
New York, N.Y. 10001

Maquinaria para joyeros:
Gold Industrial Machinery, Inc.
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Pawtucket, R.I. 02862

Equipos de oficina:
Sanderik Corporation
P.O. Box 708
Port Washington, N.Y. 11050

Espejos; alfombras:
Brush and Weaving Corp.
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Englewood Cliffs, N.J. 07632

Mochilas para pesca y caza:
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140 East 56 St.
New York, N.Y. 10022

Cueros para calzado:
Regent Manufacturing Co.
35 Eight Street
Passaic, New Jersey 07055

Equipos para fotografía; linternas:
All & All International
334 East 9th Street
New York, N.Y. 10003

Máquinas de lavar:
The 2917 Corporation
33-22 29th Street
Long Island City, N.Y. 11106

Alfombras:
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919 Third Avenue
New York, N.Y. 10022

Antibióticos; productos químicos industriales; aceites esenciales; productos farmacéuticos:
Centerchem, Inc.
475 Park Avenue South
New York, N.Y.

Buques:
Offshore International Co.
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Boston, Mass. 02101

Lociones para después de afeitarse y colonias:
Anglo Chemical Corporation
321 Commercial Avenue
Palisades Park, N.J. 07650

Fundición de aluminio:
Keene Lighting Corp.
2345 Vauxhall Road
Union, New Jersey 07083

Artículos alimenticios; artículos de piel:
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201 East 42 St.
New York, N.Y. 10017

Bronce para la fabricación de lámparas:
The Wright House
95 East Main St.
Clinton, Conn. 06413

Vinos de Rioja:
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330 Willow St.
New Haven, Conn. 06511

Artículos de regalo en general:
Avitra Corporation
11 East 26th Street
New York, N.Y. 10010

Cimitarras, sables y espadas:
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6236 Bustleton Ave.
Philadelphia, Pa. 19149

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Spirit Haus, Inc.
338 College Street
Amherst, Ma. 01002

Pinturas artísticas; marcos para cuadros:
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Palette Protraits
233 Park View Court
Harleysville, Pa. 19438

Artesanía de madera de olivo:
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Yankee Clipper Imports
P.O. Box 5151
Atlantic City, New Jersey 08440

Figuras de cerámica; artesanía de madera:
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Giftique Imports
563 Lincoln Avenue
Bellevue, Pa. 15202

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One World Trade Center
55th Floor
New York, N.Y. 10048

Cuchillería y cubertería de acero inoxidable; cubertería plateada:
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Wallace Silversmiths
Barnes Industrial Park North
Sterling Road
Wallingford, Conn. 06492

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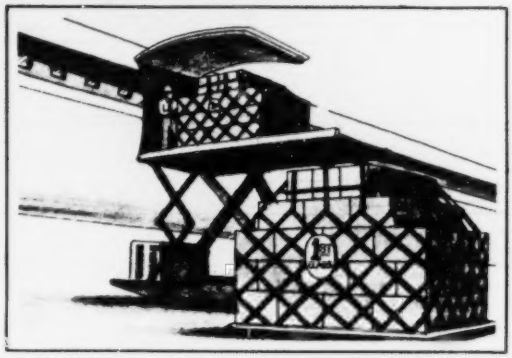

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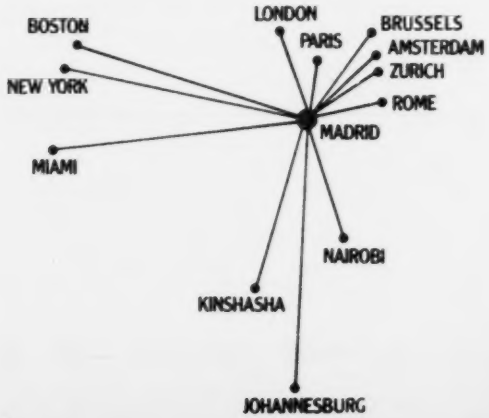

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SPAIN'S EXPORTS TO THE U.S., JAN.-AUG. 1979 VS. 1978

In this tabulation, using statistics from the United States Department of Commerce, the first column gives Spain's total exports to the United States from January 1st through August 31st, 1979, in thousands of dollars. The second column gives the percentage of variation from the same period of 1978.

	Jan.-Aug. 1979	% Variation from 1978
1. FOOD PRODUCTS	**91,850**	**-10.6**
1. Fish & seafood, except preserved	2,369	-41.4
2. Preserved fish and seafood	6,612	-21.6
3. Marmalades & preserved fruits	5,616	+139.4
4. Vegetables, prepared or preserved, including olives	58,445	-9.0
5. Sweets with a sugar base, which do not contain cocoa	57	-95.9
6. Coffee, extracts & concentrates	5,602	-3.4
7. Paprika	5,120	+58.9
8. Food preparations, unspecified	1,722	-3.1
II. BEVERAGES & TOBACCO	**33,124**	**-3.1**
9. Table wines and Sherry	19,877	-1.7
10. Sangria	4,606	-8.4
11. Brandy and similar	3,831	-0.6
12. Processed tobacco	4,652	-5.9
III. RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM & OTHER VEGETABLE PRODUCTS	**14,518**	**-14.5**
13. Fluorspar	1,518	-61.2
14. Raw materials of animal origin	2,165	-8.3
15. Gums, resins, natural lacquers	2,520	+16.5
16. Other crude vegetable materials	3,748	+3.3
IV. PETROLEUM PRODUCTS AND LUBRICANTS	**11,397**	**-22.5**
17. Lubriating oils & greases, hydrocarbons	584	-76.8
18. Residues of petroleum refining	6552	-46.3
V. OILS & FATS, ANIMAL AND VEGETABLE	12,344	+10.8
19. Olive oil	12,213	+9.7
VI. CHEMICAL PRODUCTS	**33,279**	**-8.1**
20. Organic chemical products	10,263	-2.7
21. Inorganic chemical products	7,357	+20.8
22. Essential oils & materials for perfumes	8,256	-0.2
23. Soaps and detergents	993	-82.9
VII. MANUFACTURES & SEMI-MANUFACTURES	**291,426**	**+1.6**
24. Leathers, hides & their manufactures	8,538	+50.3
25. Tires	56,326	+21.3
26. Manufactures of wood & cork	5,208	+18.4
27. Articles of paper and cardboard	6,359	+51.2
28. Threads and yarn	1,279	-68.3
29. Woolen fabrics	1.849	-28.9
30. Lime, cement & other construction materials, except tiles	9,613	+21.1
31. Tiles	3,396	+39.1
32. Glass & crystal articles	2,864	-23.5
33. Pottery articles	6,257	+32.4
34. Iron & steel in bars, sheets, etc.	88,473	-29.8
35. Nonferrous metals	36,082	+35.9
36. Wire, without electrical insulation	11,174	-12.6
37. Screws, nails, rivets etc. of iron, steel or copper	12,738	+64.0
38. Hand tools	7,099	+15.1
39. Household metal products	11,010	+132.4
40. Metal manufactures, unspecified	13,097	+35.9
VIII. MACHINERY & TRANSPORT EQUIPMENT	**89,315**	**+31.1**
41. Non-electric generators & parts	5,191	+62.4
42. Agricultural machinery & parts	5,014	+42.9
43. Office machines & parts	4,015	-2.0
44. Metal-working machinery	16,978	+71.4
45. Textile & leather machinery	4,845	-15.9
46. Industrial machinery	4,102	+204.1
47. Unspecified machinery & apparatus & parts	12,284	+80.2
48. Electrical generators, commutators and parts	2,618	+18.3
49. Household electric appliances and parts	913	-36.9
50. Electric machinery & apparatus, unspecified	4,585	+23.4
51. Transport equipment	20,877	+11.9
51a. Parts & accessories for tractors, vehicles & motors	15,573	+21.0
51b. Motorcycles & parts	1,552	-50.0
IX. MANUFACTURES CONSUMER PRODUCTS	**285,005**	**+6.8**
52. Lamps & parts	8,557	-0.4
53. Furniture	11,687	+5.2
54. Luggage & handbags	4,793	+21.4
55. Textile manufactures	2,246	-20.6
56. Manufactured leather products & accessories	2,947	-34.1
57. Manufactured knitwear products & accessories	1,917	-7.5
58. Footwear	201,746	+4.9
59. Printed material	14,112	+37.8
60. Games & sporting goods	5,612	-1.9
61. Arms & parts, except revolvers and pistols	2,910	+3.4
62. Objects of art & antiques	9,045	+75.9
63. Jewelry & costume jewelry	9,867	+13.6
64. Other unspecified manufactures	2,511	+12.0
X. OTHER PRODUCTS, NOT CLASSIFIED	**12,633**	**-3.6**
65. Special transactions, unclassified	8,380	-8.0
66. Arms of war, including revolvers, pistols & ammunition	3,294	+39.8
67. Estimated value of imports under $251 in value	960	-41.3
TOTAL IMPORTS	**874,892**	**+2.8**

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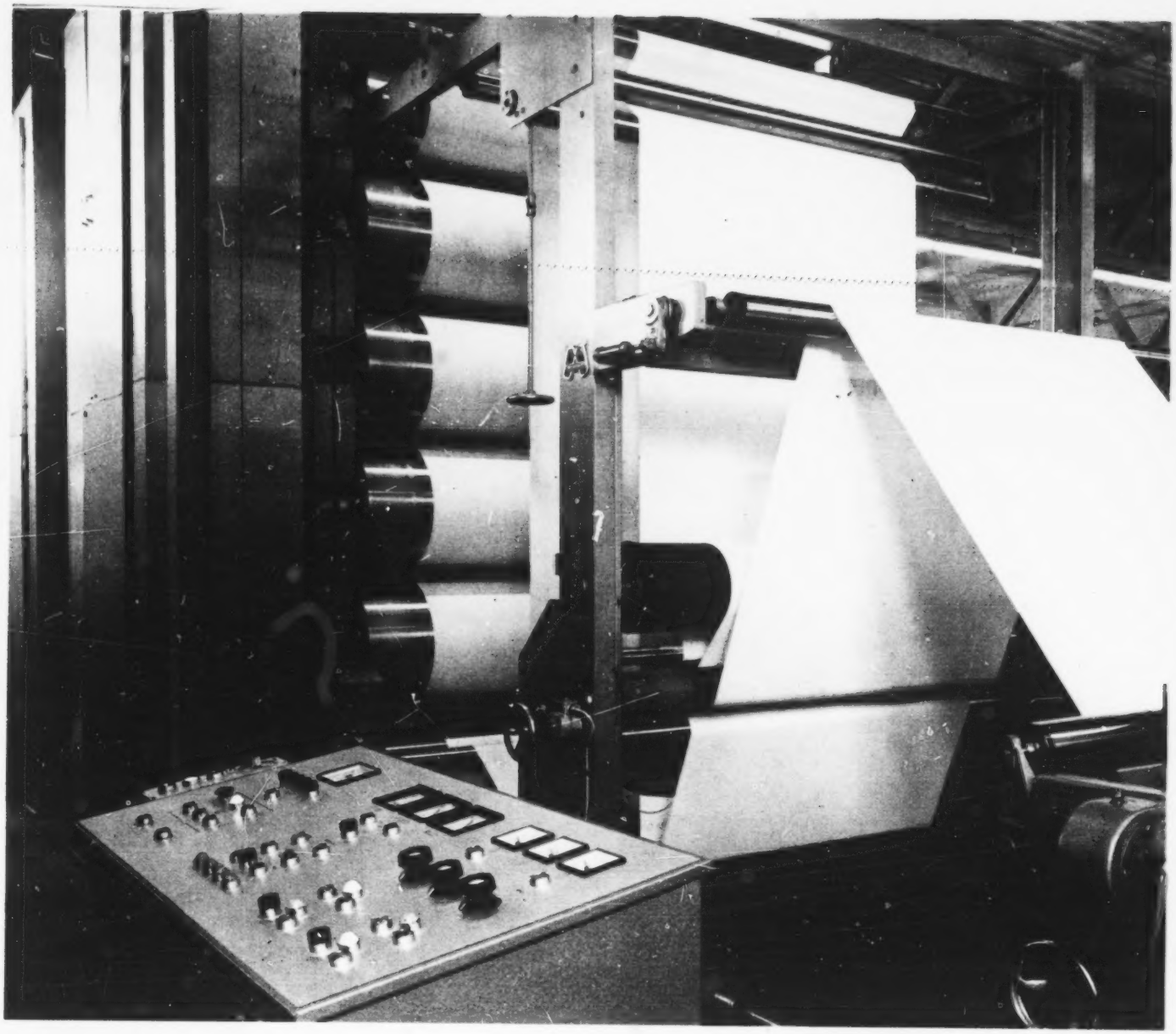

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COVER: Inside one of the highly automated weaving plants of Textiles y Confecciones Europeas, S.A., manufacturers of Lois jeans—the best selling European-made branded jeans—and other sportswear. The company hopes to be equally successful in the American market. See Member Profile, page 20.

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By JUAN MIRO
Director General, Unión Explosivos Río Tinto, S.A.

The Situation of Spain's Chemical Industry as Spain Enters the Common Market

Juan Miró summarized the strengths and weaknesses of the Spanish chemical industry and of Spanish industry in general in this period of economic crisis, in his address to a Chamber luncheon in his honor held on January 10th at the Casa y Círculo Cultural de España. The following is a translation of his remarks, which were in Spanish.

The Spanish chemical industry, in order to orient ourselves as to its value, will have reached in 1979 approximately 1100 to 1200 billion pesetas (in American billions—that is, billions with nine zeros), or $17 to $18 billion U.S. dollars. Of its total production, almost half derives from the transformation industry, with the balance distributed in basic chemistry, pharmaceuticals, agrochemistry, fiber products and paper. This production puts Spain in fifth place in Europe. Germany is first, followed by France, England, Italy, and Spain. According to this ranking, Spain's chemical production is in approximately seventh or eighth place in the western world.

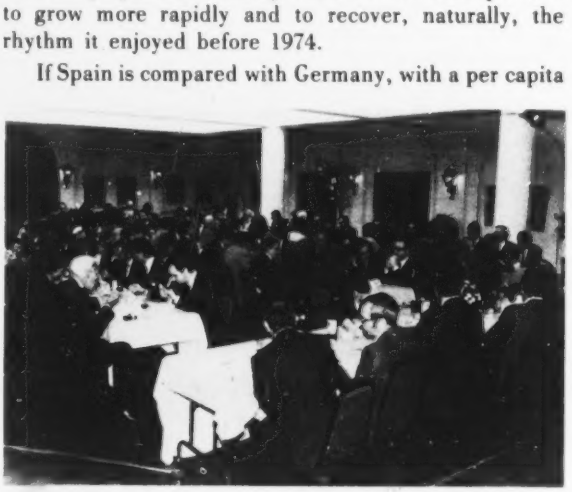
As you all well know, the European chemical industry is uncommonly aggressive relative to other industries, as is indicated by the fact that the European Common Market makes about 25% of all world-wide sales of chemical products. The United States is responsible for about 22-23% and Comecon for approximately 20%, with the rest of the world making up the balance. Thus it is clear that the European chemical industry is an aggressive one, based on its own research and marketing, which are highly developed.

In Spain, because of the political changes there and also, as you well know, the oil crisis, our companies have gone through some difficulties, many of which we are now overcoming, which have forced us to slow down the great level of growth we enjoyed in the years prior to 1975. Chemical production in Spain had been experiencing a rate of cumulative growth which easily reached 15% annually. From this point we have gone down in the last few years to a growth rate on the order of 2% annually, and in the case of some products this rate has even been negative. This phenomenon, which has been fairly typical all over the world, has been felt very strongly in Spanish industry because the rate of growth we had been enjoying was of such a level that we were slowly shortening the gap between ourselves and the other European nations.

Turning our attention to the structures of the Common Market toward which we are moving, we can say the following with all realism: The Spanish chemical industry, with the value that we mentioned before of about 1200 billion pesetas, is facing a lower level of productivity, quite a bit lower, than that of the Common Market. For example, the Common Market has a productivity on the order of $76,000 per person and ours is on the order of $45,000 per person, in terms of sales. But if we measure this productivity in aggregate value we are even further behind. The aggregate value per person in the European chemical industry is about $26,000, whereas in Spain it is about $13,000. That is, we are at about 50% of the level of the Common Market.

Furthermore, in the last few years, due to the Spanish political consolidation, in addition to the crisis we are all aware of, there has obviously been a stagnation in investment. This has become noticeable also when we look at the labor positions for a given production in Spain as compared to Europe. There is, however, a very positive factor which we should keep in mind as we look toward the future, and this is the fact that per capita consumption of chemical products in Spain is of the order of $320 per year, whereas in Europe it is about $468. Obviously Spain is a country which is in an ideal position to grow more rapidly and to recover, naturally, the rhythm it enjoyed before 1974.

If Spain is compared with Germany, with a per capita



consumption of $576, among the strongest, we will have to cover a distance of almost twice what we now have in order to place ourselves at the same level.

Well, it is better to talk of the future than the past. Given the present structure, this is what I think is necessary if Spain is to progress, to continue; and it is what I hope will happen.

In the first place, as you have all seen in the case of the company to which I belong, 1979 has been quite a bit better than 1978. This has also been the general trend in all of the Spanish chemical industry. The year 1980, however, strikes gloom in the minds of many when they are confronted with the new rises in petroleum prices. In the case of Spain, we have to consider that it is an economy not yet of great size; that the energy plan has finally been approved by the courts last July; the fact that we must develop with all urgency a series of thermoelectric concerns, because otherwise by 1983 there could be electrical restrictions in the country. All these details lead me to think that with a demand which is still unsatisfied, given the level of per capita consumption that we

Juan Miró (left), with Felipe Propper de Callejón, President of the Chamber, on the dais at the luncheon in honor of Mr. Miro at the Casa y Círculo Cultural de España.

About Juan Miró and Unión Explosivos Río Tinto

CHAMBER PRESIDENT PROPPER INTRODUCES THE GUEST OF HONOR

Spain's remarkable economic growth throughout the '60s and into the middle '70s can best be exemplified by the dramatic expansion of Unión Explosivos Río Tinto, which in a few short years has emerged as one of the country's largest industrial companies, and by far its principal producer of a broad range of chemical and specialty products. The company now employs more than 11,000 people, and the most recently available figures indicate a net worth in excess of $550 million dollars.

Through a combination of internal growth and a series of mergers, Unión Explosivos Río Tinto has grown from a relatively small concern, with sales equivalent to $100 million in 1970, to a broadly diversified $1.5 billion producer of organic and inorganic chemicals, petroleum products, plastics, fertilizers, pharmaceuticals, explosives and minerals.

Through its ERT Group, of which it is the largest factor, the company also owns equity interests in a diversified number of industrial concerns, which have consolidated sales equivalent to approximately $2 billion. Profits during the last decade quadrupled to better than $40 million on an unconsolidated basis. Their rate of growth, however, has been adversely affected in recent years by increased raw material costs, expansive integration expenditures, and a very high financial cost brought about by a substantial debt level, accumulated as the result of its acquisition program. Management has instituted a series of measures which will help profit margins recover to more acceptable levels by the early 1980s. Hence it would be fair to say that the company is presently in a period of consolidation.

The person most responsible for the past development of Unión Explosivos Río Tinto, and who is now in charge of planning for its future growth, has joined us today as our Guest of Honor. Juan Miró is a leading businessman and a distinguished professor of chemical engineering.

Ever since he graduated in 1953 with a degree in Chemical Engineering, Juan Miró has spent all his professional life with the company and its predecessor firm, Unión Española de Explosivos. Between 1955 and 1968 he was assigned to several important technical and administrative responsibilities, including Head of Research and Head of Planning for many of the inorganic and organic plants. In 1968 he was appointed Manager of the Fertilizer Division, and four years later he was named Deputy General Manager of the combined Unión Explosivos-Río Tinto organization, of which he became Director and General Manager late in 1965. This is the position which he currently holds.

Juan Miró is a distinguished professor and consultant in chemical engineering to several leading Spanish technical schools, and has tenure in the Graduate School of Engineering for Technical Studies in Madrid. He has written many technical and economic papers which have received wide recognition in and out of Spain.

Juan Miro (center), at the January 10th luncheon, with Ricardo Cortes (left), Commercial Counselor of the Embassy of Spain in Washington, and Carlos Ros of Banca Catalana.

still have, as soon as four or five projects, four or five investments, begin to take place, logically a process of development has to start in Spain within one and a half to two years—a process of development at the same level, or of at least 80% of the level that was enjoyed between the years 1964 and 1969—the years which for me mark the takeoff of Spanish industry as a whole, and of course the chemical industry in particular.

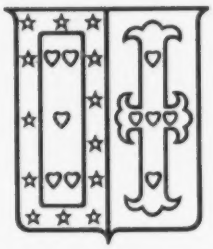
In addition to the various approvals in the congress, there has also been approval of the labor statues, which will no doubt orient the character of labor relations in the coming months. Our president was saying recently that labor demands in Spain have not been as inflexible as the press would have us believe. There are companies that have achieved a level of flexibility, ours among them, which is quite adaptable to circumstances and at a cost that is no greater than in other European companies. With these labor statutes, and also with the recent signing of a framework agreement between the companies and one of the trade unions (the UGT, one of the most important), we hope to see an extension, little by little, like the flow of a drop of oil, of a certain labor tranquillity. This tranquillity might occasionally be interrupted by flashes of unrest from certain trade unions. I hope, however, that the fact that agreements are lately being made for a period of two years instead of one will provide a level of tranquillity in the first three months of 1980 which will allow entrepreneurs to make their work plans without problems.

In this connection, the framework agreement has provisions which refer to absenteeism, which is one of the more serious problems in Spain. This absenteeism from work in some of the mines in the interior reaches the level of 35%; and in normal industries which previously had rates of about 3% it has reached levels of almost 8% of even 9%. All of this, I think, is going to diminish. Companies are going to provide incentives of some kind in order to reduce absenteeism or to eliminate it altogether. Spain, which obviously has intelligent workers—at the moment when they are also willing to work efficiently—will find, I believe, that the takeoff will not be difficult in the next few years.

Another important Spanish concern is financial investment. Industrial development in the past was carried out with low financing costs, because the cost of capital in Spain, like the cost of labor, was low. This fact, together with the unsatisfied demand that we mentioned earlier, gave rise to the Spanish "boom." At this time, due to what we may call the distortions of the rate of interest on money which have occurred in Spain in the last few years, the cost of capital is very high—on the order of four to five points higher than in the rest of Europe. This obviously has a negative effect on our own investment—investment which is so necessary in order for us to climb out of the hole in which we have been, and still are. Companies are hesitant to undertake investments because they cannot find the means at interest levels which are sufficiently reasonable. I hope that the foreign banks which have now become part of the Spanish family will realize this. I hope that with this new competitiveness, we will be able to have these means available to us under competitive conditions. Negotiations with the European CommonMarket, which are now beginning and should be concluded by 1983, will provide a period of adaptation of at least seven or eight years. Given these factors, we could have ten years in Spain during which, with financial aid from the exterior and serious work in the interior, we could make the per capita consumption take off.

Another weak point in the Spanish economy is technology. We do not command advanced technology; we have not practiced technology and research in the past; yet we have available technical personnel who are perfectly capable, for example, of running chemical plants at the same level as anywhere else in the world. Take for instance plants of the complexity of one for phenol, one for ethylene oxide, and others, all started last year in my group. In one week they reached standards which have not been reached in such a short time, as far as I know, in other European companies in the same field. Thus the capacity of the Spaniard for technical assimilation is good. What we now need is the will of entrepreneurs to enter the field of research, which is so necessary when we think in terms of the next fifteen years; as well as the influx from the exterior of the know-how from research, which is also very important for those countries which, like us, have not yet reached the goals of which we are capable.

The effect of inflation in Spain has been similar to that in other countries. If we take into account the inflation data of the last six months, we are not as far from the rest of the European countries as we were two years ago, when they had rates on the order of 13% to 14% but we were at approximately 26%. This year Spain's inflation rate will be around 16%, in spite of a growth of the GNP of only 1.8% to 2% at the most. I hope that with inflation under control, with labor relations on the right path, let us say, and with government approved investments, and with the help of you here who are listening to me, Spain will be able to shorten the per capita consumption gap within the next five or six years. □



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By VICTORIA ARANDA
J. & A. Garrigues, New York

The Framework Agreement on Collective Bargaining

Particulars of the unprecedented agreement recently arrived at between Spanish labor and management organizations, an agreement which "will certainly contribute to the regeneration of the climate of optimism and confidence required for our economic recovery."

The main Spanish labor and management organizations have reached an agreement setting up the basis for future collective bargaining. This method of establishing guidelines for labor relations has no precedent in the history of Spanish labor relations; it represents the response of Spanish social forces to the necessity of confronting realistically the exceptional circumstances created by the economic crisis. Uncertainty regarding labor relations had proved to be a negative influence on economic recovery and development, and it was imperative to fill the gaps still existing in the legal framework involving labor.

The young Spanish unions have thus shown once again the maturity which is so needed for the consolidation of Spanish democracy. Not all labor organizations, however, have participated in the agreement. The absence of Comisiones Obreras, the Communist labor organization, is noticeable. Nevertheless, in spite of this absence, the agreement represents one of the most positive social and political achievements of the post-Franco era. It has had a very good reception by all the national and international media, and will certainly contribute to the regeneration of the climate of optimism and confidence required for our economic recovery.

The following is a brief outline of some of the stipulations of the agreement which are most interesting because of their immediate and direct impact on the economy:

WAGES

In accordance with the other conditions set forth in the agreement, wage increases are fixed within a minimum of 13% and a maximum of 16%. In the negotiations within such limits, factors which must be taken into account are the economic situation of the enterprise, the potential for the creation of employment, the collective agreements in force, and the enforcement of the stipulations regarding productivity and absenteeism contained in this agreement.

The rates of increase established in the agreement will not obligate those enterprises showing deficits or losses throughout 1978 and 1979, although the prognosis for 1980 must be taken into account.

To evaluate such situations, circumstances to be taken into account include insufficient productivity and sales levels reflected by the accounts of the enterprise; in case of discrepancies, auditors reports may also be considered. Enterprises pleading circumstances of deficit, etc. shall present the relevant documentation (balance sheets, profit and loss accounts, auditor's reports) to the workers' representatives. The workers' representatives will observe professional secrecy regarding the above information.

The wage policies agreed on by collective agreements negotiated or revised in 1980 will be in force for a one year.

WAGE REVISION

A wage revision will be effected should the consumer price index (IPC) established by the National Institute of Statistics exceed a rate of increase of 6.75% as of June 30, 1980—excluding increase in the price of oil for direct consumption. Such revision will have effect as of January 1, 1980.

WORKING HOURS

The maximum legal working hours, amounting to 2,006 hours of effective work per year, will be reduced in 1980 by 26 hours per year, fixing the effective working hours for the year at 1,980 hours.

In January, 1982, the figure for legal working hours will be further reduced by 50 hours per year, to 1,880 hours per year. The collective agreements executed in 1980, however, may negotiate the rate of reduction according to the circumstances of each case.

For purposes of the calculation of effective working hours, the time used in breaks and other interruptions of work will be included, provided this time is considered integrated into the daily working hours by the legal norms or by mutual agreement between the parties.

OVERTIME

In view of the serious unemployment situation, both parties agreed on the appropriateness of reducing overtime to a minimum, in accordance with the following criteria:

- Customary overtime will not be suppressed.
- Overtime required to repair extraordinary or urgent

damage or in cases where there is a risk of losing raw materials is acceptable.

• Overtime necessary in peak production times, in case of unforeseeable vacancies on a production line, or other circumstances of structural character derived from the nature of the activity concerned, will be maintained providing other modalities of temporary of part-time employment cannot be used.

• Management of an enterprise must inform the enterprises workers' committee, the workers' delegates, and the union's delegates of the amount of overtime necessary, explaining the reasons therefor.

PRODUCTIVITY AND ABSENTEEISM

The contracting parties are aware of the necessity for a general improvement in productivity, and that such improvement entails the cooperation of all the agents of production as well as the adaptation of the social and institutional framework. Accordingly, the contracting parties considered it an absolute necessity to clarify the objectives to be achieved, the means of achieving these objectives, and the basic strategy to be followed.

The objectives are:

• To increase the competitiveness and profitability of each enterprise.

• To improve productive capacity, in accordance with the market, so as to elevate the wealth and standard of living of all the agents of production and of the society as a whole.

• To increase employment.

• To improve working conditions.

The parties, considering the negative effect on productivity of external and internal elements such as the world economic crisis, the social climate affecting productivity, etc., agreed that the attention of the Government must be brought to the necessity of effectively undertaking the task of awakening public opinion to the problems affecting productivity, collecting the necessary information, making periodic studies, and taking the concrete measures required to increase productivity, with the collaboration of the contracting parties.

It was agreed that the main elements affecting productivity are:

• Investment policies.

• Organizing rational productivity measures.

• Technological improvement.

• Programming production and productivity at the enterprise level.

• The climate of labor relations.

• The quality of working conditions.

• Wage and incentive policies.

• Adaptation and skills of manpower.

• Absenteeism.

The criteria to be applied in the process of improvement of productivity were listed as:

a) Negotiation of matters relating to productivity should be through collective agreements and/or, when both parties consider it fitting, through specific agreements at the enterprise level. The introduction of these negotiating procedings should be effected in a progressive manner, taking into account the circumstances of each case. When the problems of productivity exceed the limits of an enterprise, or when the situation requires it, the treatment of such problems should be resolved at the territorial or sectoral level.

b) Establishment of productivity measurement systems. Such systems should take into account at least two levels: The enterprise as a whole; and groups of workers entrusted with differentiated operations or processes.

c) Establishment, with the participation of workers' representatives, of an index level of the productivity considered normal in a base period.

d) Participation of workers' representatives in adhering to productivity goals.

e) Receptivity by the management of enterprises to requests or suggestions by workers for the correction of obstacles to improved productivity.

Establishment of safeguards for the distribution of the savings obtained through increased productivity, including the application of such savings to the restoration and increase of profitability, to investments creating employment, and to wage incentives tied to the improvement of productivity.

The order of priority for the distribution of the savings attributable to increased productivity is:

a) Restoration of profitability for enterprises in situations of crisis.

b) Investments creating employment.

c) Wage incentives tied to the improvement of productivity.

Normal levels of productivity are required in order for remuneration to remain at the agreed wage levels, except under circumstances not attributable to the worker.

Improvement plans shall be established in accordance with the following criteria:

a) Previous information to the workers.

b) Non-discrimination in the said plans.

c) Establishment of periods for adaptation when introducing new systems, in which the wages obtained prior to the installation of the new systems are guaranteed.

d) Working conditions shall comply with the legal requirements, as well as with the collective agreements in force.

ABSENTEEISM

Absenteeism constitutes one of the most serious problems of Spanish labor relations. Its reduction would mean not only that the worker can be counted on to be present at his post, but also that the industrial medicine and social security systems can be correctly organized and that adequate conditions of safety and hygiene for the performance of the work can be established.

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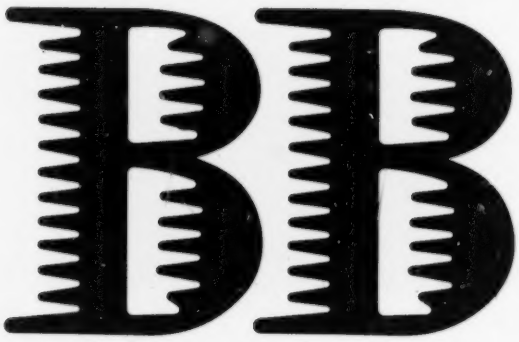

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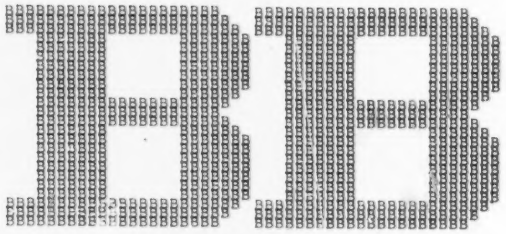

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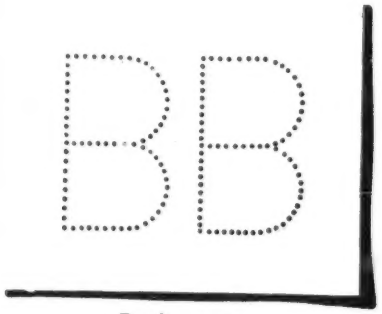

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***Emanuele Costa** (left), Vice-President, Costa Line and Managing Director, Saudi National Lines inspects loading of MV KUDU in New York harbor with **Capt. Catello Cimmino** and **William F. Burns** (right), Vice President, Traffic*

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Entrevista con el Ministro de Comercio y Turismo, Sr. D. Juan Antonio García Díez

For the benefit of Chamber members who read Spanish, we are publishing this important interview with Juan Antonio García Díez, Minister of Commerce and Tourism of Spain, in which he discusses the energy crisis and its impact on Spain, as well as the prospects for the Spanish economy. Courtesy of Información Comercial Española (Ministry of Commerce and Tourism).

— ¿Cómo ve, desde el Ministerio de Comercio, el panorama de la economía española en 1980?

— Para empezar, habría que distinguir en este panorama tres aspectos, aun reconociendo que están fuertamente interrelacionados.

Tomemos, en primer lugar, la inflación. La tas porcentual anual de variación del índice de precios al consumo ha descendido desde un 28,4% en agosto de 1977, hasta un 14,7% en agosto de este año; es decir, la inflación se ha reducido a la mitad, prácticamente, en un plazo de dos años. Lo que es más notable, el diferencial de inflación con los países de la OCDE se ha reducido considerablemente hasta llegar, prácticamente, a eliminarse. En 1977 la tas media de inflación era en España del 24,8%, y en la OCDE, del 8,7%. Las tasas correspondientes a los seis meses que terminan en agosto último son del 16% para España y del 13% para la OCDE, aproximadamente. Cabe esperar que este diferencial se estreche más a lo largo del año próximo y representa un logro importante de la política estabilizadora del Gobierno.

En el campo de la evolución del nivel de actividad real, la situación es menos favorable que en le campo de los precios. Un millón ciento veintiocho mil parados, equivalente al ocho coma seis por ciento de la población activa, que recoge la encuesta de población activa del INE del segundo trimestre de este año, constituye un indicador de la gravedad de la situación económica y de su dimensión social. Con todo, el número de parados ha descendido en relación al trimestre anterior. En relación a la evolución de la renta real y del empleo en 1980 hay dos puntos que conviene tener en cuenta. El primero es que muchas empresas se encuentran en una situación financiera más sana que el año pasado, lo que podría estimular alguna recuperación del nivel de actividad en la segunda mitad del año próximo. Sin embargo, existen factores externos—petróleo—que pueden neutralizar esta posibilidad. El segundo elemento de la situación, que está ligado al anterior, es una consecuencia de la desaceleración de la inflación. En este sentido, el objetivo de aumento de las disponbilidades líquidas en un diecinueve por ciento, que representaba una política altamente restrictiva en 1980, con los precios subiendo un 23%, constituirá una política monetaria más permisiva, con precios aumentando al 16%. Es probable, en esta medida, que los tipos de interés desciendan a lo largo del próximo año, contribuyendo de esta manera a la reanimación de la inversión.

De todos modos, las perspectivas no son optimistas. La situación es muy seria, y siendo realistas hay que admitir la posibilidad de nuevos empeoramientos. El sector exterior, por último, jugará un papel importante en 1980, en la determinación de la renta y el empleo. Por un lado, la demanda exterior para nuestras exportaciones caerá un tanto como consecuencia de las medidas contractivas emprendidas por la Administración Carter en Estados Unidos. Aunque a Estados Unidos sólo se dirige el nueve por ciento de nuestras exportaciones, la recesión norteamericana no dejará de tener algún efecto en el área de la OCDE, afectando en esta medida a una parte de nuestra demanda global.

— El diferencial de la inflación se ha bajado, y eso es importante. Pero ¿puede el índice de precios de consumo descender por debajo del 16% o, por el contrario, nuestra inflación ya es estructural y será difícil moverla de las tasas en las que se encuentra?

— En primer lugar, creo que habría que aclara exactamente qué es "inflación estructural." No está claro que exista, y una buena prueba de ello es que hace unos años, con estructuras semejantes a las actuales, pero sin crisis energética, la inflación española era mucho más baja. En cualquier caso, si se dan las condiciones adecuadas, es perfectamente posible que la inflación se siga reduciendo.

— ¿Cuáles son esas "condiciones adecuadas" a las que se refiere?

— Sobre la base de una inflación planeada, que no reduzca poder de compra real, las condiciones idóneas para que se produzca un descenso progresivo de la actual tasa pasan por la contención de los incrementos salariales, la disminución de los costos financieros y un comportamiento del sector exterior tal que no añada leña al fuego. Esto, en mi opinión, es perfectamente posible.

— Con este panorama, 1980 será difícilmente el año en que definitivamente se salga de la crisis.

— Creo que puede responderse con un no rotundo. Ni las perspectivas internas ni las externas ofrecen una base para esa salida inmediata de la crisis. Lo más que puede intentarse es su contención y la continuación de los esfuerzos encaminados a impulsar los necesarios ajustes de nuestro sistema productivo y de nuestro sistema financiero. Creo que 1980 sería un "buen año" si conseguimos contener—sólo contener—al paro y si conseguimos avanzar en la reestructuración industrial, definir nuevas metas para nuestro sector agrario, limitar el déficit del sector público, seguir construyendo un nuevo sistema financiero y evitar un nuevo relanzamiento de la inflación.

— ¿Pero tiene nuestra economía fondo de reserva como para aguantar un año más de "inactividad"?

— Siguiendo con lo que he comentado antes, es muy probable que no le quede a la economía española otro remedio que continuar el año próximo con un crecimiento relativamente lento, que no me atrevería a calificar de inactividad, puesto que, a lo largo de estos años de crisis, el PIB ha venido creciendo en torno al dos coma cinco por ciento en términos reales. Nuestra economía, que es una economía pequeña y pobre en el concierto de los países industrializados, y que depende casi plenamente del exterior para su suministro energético, se ve fuertemente condicionada por un entorno internacional desfavorable y debe resignarse a un bajo ritmo de crecimiento cuando, como en 1980, las perspectivas para la economía mundial no se presentan favorables y aparecen sometidas a un elevado grado de incertidumbre.

— Así, pues, la nueva crisis energética—cuyas manifestaciones se vienen produciendo en sesión continua—pone al mundo occidental en una difícil situación. ¿Hasta dónde—y hasta cuándo—puede aguantar España?

— Desde el punto de vista de balanza de pagos, nuestro país no tiene problemas para pagar el previsible aumento de los precios del petróleo, al menos a corto plazo, aunque si el fenómeno se reproduce, a medio plazo sería distinto. Sin embargo, la escalada de los precios de crudos tiene dos efectos graves: Por una parte, la inflación que origina, y, por otra, la situación de prolongada crisis que provoca en el mundo occidental y que ha hecho rebajar drásticamente las previsiones de crecimiento de la OCDE para 1980 esto, naturalmente, repercute en España.

Junto a éstos, existe otro problema grave: la situación de incertidumbre económica en que está viviendo un mundo que no sabe cuál va a ser el precio de los crudos dentro de diez días; la realidad y las previsiones no tienen nada que ver. En cualquier caso, refiriéndome en concreto a la economía española, tengo que decir que, por muy grave que sea o llegue a ser la situación, en una economía moderna—y la nuestra lo es—no existen problemas irresolubles.

— Cabe preguntarse, no obstante, hasta qué punto la crisis energética no significa un agotamiento del actual model económico...

— Evidentemente, hay una crisis, pero no creo que sea de sistema. En las actuales circunstancias es preciso dirigir prioritariamente la inversión hacia el sector energético y lograr un modelo de desarrollo menos consumidor de energía por unidad de producto. A medio plazo, esto significa que asistiremos a una moderación del crecimiento económico y, en consecuencia, a una disminución en las necesidades de petróleo. Ahora bien, si lo que me pregunta es sobre el futuro del sistema capitalista, tengo que decir que tengo muy pocas dudas de que el capitalismo sobrevivirá a la crisis; si es que tengo alguna...

— Esa es la gran política. Pero el Minsterio de Comercio y Turismo reserva para Juan Antonio García Díez otras muchas preocupaciones.

Por lo que respecta al comercio exterior, ¿se corre al peligro de que cualquier indicio de reactivación interior dé al traste con el actual índice de cobertura?

— La tasa de cobertura has pasado del 57,4%, para el año 1977, al 70% en el año 1978, situándose en un 78% en el primer semestre del año en curso. No obstante, este proceso de mejora ha quebrado en julio a causa de la nueva crisis energética desatada por la OPEP. En este sentido, la cobertura del comercio exterior en el mes de julio ha descendido hasta un 64,7%, y aunque los datos para el mes de agosto muestran una tasa del 73,4%, similar a la de igual mes del año procedente, parece previsible que la cobertura descienda en los próximos meses como consecuencia directa de la mayor factura pagada por el petróleo. Esta tendencia al descenso de la cobertura se vería indudablemente acentuada si la economía se reactivase. Pero, realmente, no considero que sea éste un aspecto prioritario a la hora de valorar los efectos de una posible reactivación.

— Teniendo en cuenta la actual posición de la peseta, ¿cuáal es el futuro de nuestras exportaciones?

— La continuada revaluación de la peseta, especialmente marcada desde junio de 1978, quedó detenida el pasado mes de mayo. Desde entonces, la peseta se ha ido devaluando de forma muy moderada, frente al conjunto de las dieciséis divisas que cotizan en el mercado de Madrid. Cabe esperar que en los meses venideros esta tendencia continúe, más aún si se afianza la recuperación del dólar. El efecto inmediato de esta previsible

evolución de la peseta sobre nuestras exportaciones es claramente positivo, al indicir favorablemente sobre la competividad de nuestros artículos. No obstante, hay que subrayar que las variaciones de los tipos de cambio tienen efectos complejos y contradictorios, al afectar al mismo tiempo a los precios interiores.

— En este contexto, el Ministerio de Comercio se ha lanzado a la liberalización del sector exterior. ¿Qué frutos puede dar?

— España, en cuanto país pequeño, no tiene otra alternativa que proceder a la liberalización del sector exterior. Dados nuestros recursos y la posición de nuestra economía en el contexto internacional, la apertura al exterior es una exigencia para nuestro crecimiento económico.

Como consecuencia de esta política, se podrá incrementar la eficiencia del sistema productivo, a la vez que las medidas liberalizadoras sobre las importaciones contribuirán a reducir las tensiones internas de precios.

— ¿Cuál es el balance del plan de apoyo a la exportación?

— El plan de apoyo a la exportación elaborado en marzo de 1978 pretendía básicamente conseguir una ampliación de los recursos disponibles para la financiación de las exportaciones y una mayor y más profunda información sobre los artículos españoles en los mercados mundiales. Respecto al primero de los objetivos, el balance ha sido claramente positivo. En cuanto a las medidas instrumentadas para consolidar la presencia de las empresas españolas en los mercados mundiales, me interesa resaltar que no estaban concebidas para un período de tiempo corto. Así, la ampliación de las oficinas comerciales será a lo largo de un quinquenio.

Por tanto, es pronto todavía para presentar un balance de estas medidas, cuyos efectos se dejaráan notar en un período de tiempo más largo.

— ¿Cuáles son los problemas más graves del comercio interior?

— Siempre que se suscita el tema del comercio interior es obligada la referencia a la ineficiencia de nuestroas canales de distribución, los elementos de monopolio que aparecen en múltiples eslabones de la cadena distributiva y el minifundismo, que es especialmente patente en el comercio minorista, con su secuela de baja balidad del servicio al consumidor y baja eficiencia en la utlización de los recursos.

— ¿Qué planes hay para abordar la definitiva reestructuración de nuestro mercado interior?

— La intención del Ministerio es facilitar la reestructuración que debe emprender al propio sector para lograr un aumento en la dimensión—física, económica y jurídica—de las empresas y favorecer su asociación vertical u horizontal, y como es lógico, los esfuerzos se concentrarán en mejorar los canales de distribución de aquellos productos de mayor incidencia en la cesta de la compra. Esta acción se desarrollará básicamente por tres vías: la ayuda financiera, a través de subvenciones a los créditos para ambliación o mejoras de establecimientos comerciales, lo cual evita las subvenciones a fondo perdido y permite multiplicar los efectos de los limitados recursos disponibles; la asistencia técnica, a través de cursos preparados por el IRESCO, que tiene por objeto el ampliar el capital humano del sector, y, por último, el planeamiento y desarrollo de áreas comerciales.

En cualquier caso, es evidente que no puede lograrse de forma inmediata una definitiva reestructuración del mercado interior, sino que se irá avanzando por pasos sucesivos que se han iniciado ya en aquellos sectores con mayores deficiencias o con mayor peso en la cesta de la compra.

— Un tema polémico es el de la desaparición del comercio de Estado, reiteradamente anunciada desde este Departamento. ¿Cómo está la situación?

— La posición del Ministerio es muy clara. En efecto, nuestra adhesión a la CEE implica la aceptación de las instituciones comunitarias, la sustitución del comercio de Estado por un sistema como el de la CEE, basado en derechos reguladores, derechos compensatorios y calendarios.

Pensamos que es necesario y conveniente comenzar a caminar en esta dirección para que, en el plazo de un par de años, el comercio de Estado sea sustituido por esos tres mecanismos de regulación de las importaciones.

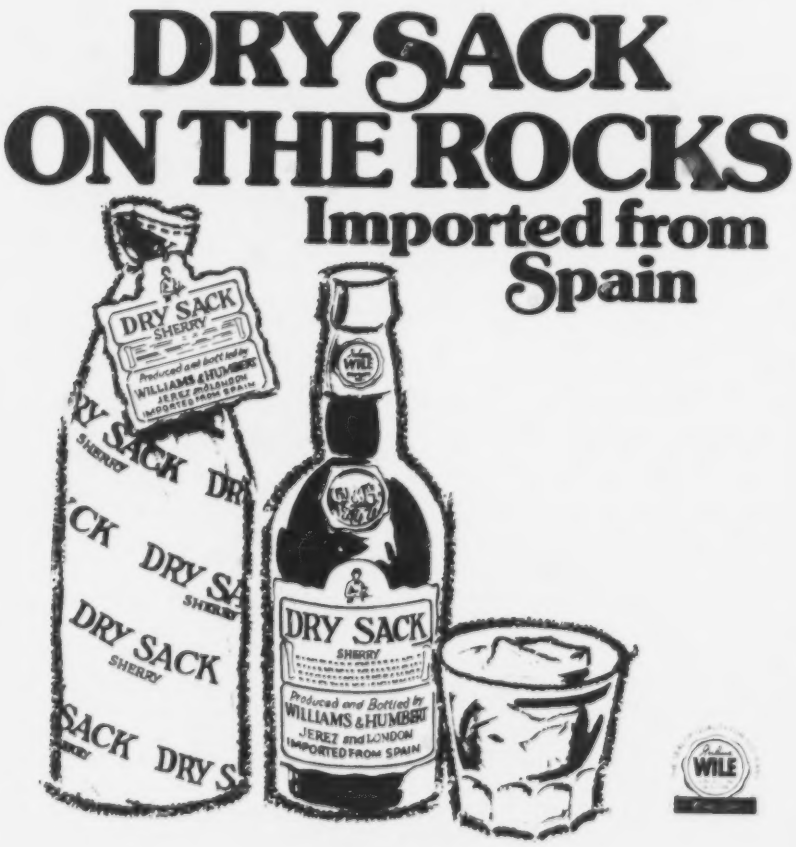
— Hay que cambiar de tercio y pasar del comercio al turismo. ¿Cuáles son las perspectivas turísticas para los próximos años?

— Después de la excepcional campaña turística registrada en el año 1978 y en los primeros meses del actual, la disminución del número de visitantes extranjeros en los meses de mayor afluencia ha vuelto a plantear nuevamente la interrogante acerca del futuro desenvolvimiento del turismo extranjero hacia España. El descenso de 2,3 millones de visitantes en los meses de julio y agosto puede explicarse por factores anormales (terrorismo, accidentes y su repercusión en la prensa extranjera), deterioro de la calidad de los servicios turísticos prestados y sensible alza de los precios de los alojamientos hoteleros consiguiente a la liberalización de dichos precios. En relación a los problemas derivados de la inseguridad ciudadana, agigantados por los medios de comunicación extranjeros, se puede esperar una mayor incidencia en años sucesivos. En cuanto a la elevación de

los precios hoteleros, tras el reajuste operado previsiblemente, no se producirán elevaciones tan drásticas, pero en cualquier caso la variable importante es la relación precio-calidad y es respecto al segundo término donde los problemas son graves. Por otra parte, el impacto de la crisis económica sobre las posibilidades de gasto de nuestros visitantes potenciales puede ocasionar una significativa reducción en el número de visitantes extranjeros. Así, pues, las previsiones para los próximos años apuntan en el sentido de que la corriente turística difícilmente alcanzará las cifras de 1978, que rozaron los cuarenta millones de turistas.

— El tema es grave y está planteado con crudeza. ¿Hasta qué punto es imprescindible la reestructuración de nuestro sector turístico?

— La exigencia de la reestructuración turística se deriva de los expuesto más arriba. Se trataría, por tanto, de asegurar una corriente de visitantes importante, dado el nivel de infraestructura turística existente, a la vez que una mayor capacidad de gasto por parte de quienes nos visitan. En esta dirección se debe evitar en lo sucesivo un abaratamiento artificioso de los precios del sector turístico, del que son más beneficiarios los turistas extranjeros que la economía española. En segundo término se debe cuidar la calidad de los servicios turísticos y adoptar las oportunas medidas compensadoras para evitar aglomeraciones excesivas, degradación del medio ambiente y en general los costes que implican la atracción de turistas y que en última instancia pueden perjudicar las posibilidades turísticas de nuestro país en el futuro. □



Dinner-Dance Will Salute Galicia

The Chamber's annual Dinner-Dance will be held on Saturday evening, April 12th, in the Terrace and Grand Ballroom of the Plaza Hotel. In keeping with a tradition of honoring cities and regions of Spain, the 1980 festivities will salute Galicia, and especially the canned fish industry, of which Galicia is the center. Guests of honor will include representatives of that industry, and a Galician folkloric dancing group, complete with bagpipes, will entertain. Dinner-Dance Committee chairman Joseph Caragol promises a delightful evening for all.

General Motors Plans Expansion in Spain

The General Motors Corporation announced on February 20th plans to construct two plants in Cadiz; one will make suspension components, and the other will produce steering columns, steering gears, and front-wheel-drive axles. A third facility, the location of which has not yet been announced, will manufacture seat trim covers, linings for the interior roofs of cars, consoles, instrument panels, and bumper facia. The plants are part of GM's 10-year $20 billion overseas expansion program which was announced in 1979.

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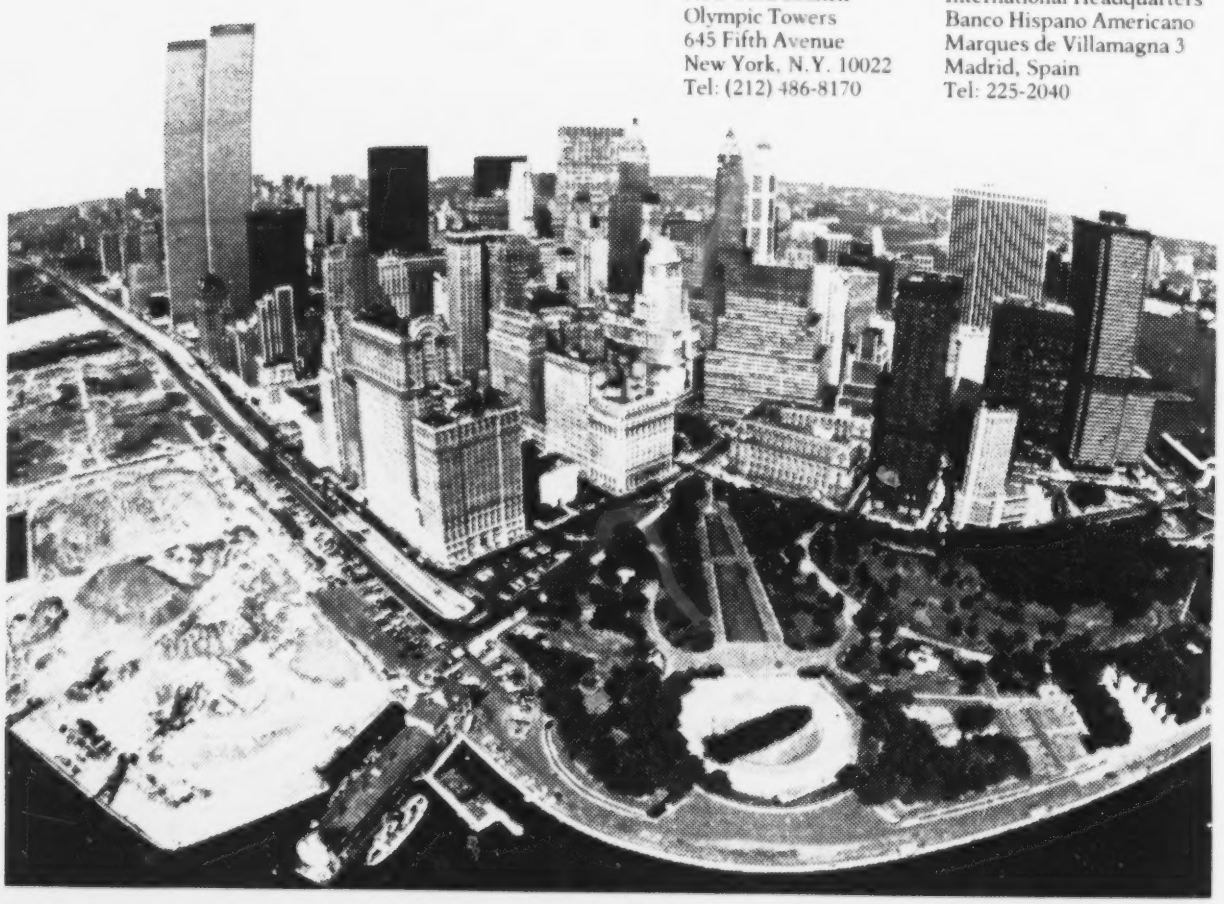

FROM THE SPANISH NATIONAL TOURIST OFFICE

"The Way to Santiago"

James Michener calls the route to Santiago de Compostela "the finest journey in Spain and one of the two or three best in the world." A new free guidebook details the route and everything to see on the way.

By CHARLES OCHELTREE

Statue of Saint James the Elder (Sant'iago) at the entrance to the Cathedral at Santiago de Compostela, the Portico de la Gloria.

In 813 A.D., a long-forgotten tomb was rediscovered in Galicia, in northwestern Spain. It held the remains of one of Christ's twelve disciples, Saint James the Elder, who was to become the patron saint of Spain. Alfonso II, then King of Spain, established a church and a monastery on the site, which became the nucleus of a city and shrine known as Santiago de Compostela. Gradually, pilgrims from all over Europe started coming to Santiago de Compostela to venerate the tomb of the Apostle, and as the years went by they came in greater and greater numbers.

When the tomb was discovered, Europe was dotted with thousands of independent feudal states between which there was little communication and no physical or spiritual ties. It had been this way since the fall of the Roman Empire. It was on the pilgrimages to Santiago de Compostela that for the first time the Christians of Europe came together and exchanged ideas and information; it was the beginning of the end of the Dark Ages.

Eventually, Pope Calixtus II decreed that Santiago de Compostela would be the third Holy City of the world, after Rome and Jerusalem; and that any year in which the Feast of Saint James (July 25th) fell on a Sunday would be a Holy Year.

In the 12th century, when Aymeric Picaud wrote a guidebook for pilgrims to Santiago de Compostella, he had little notion that this would be the first travel guide ever written in Europe—and no idea that 800 years later it would be the source for a tourist booklet published by Spain's Secretariat of Tourism.

Today, as they have for centuries, pilgrims and tourists cross from France through the mountain passes of the Pyrenees on their way to Santiago de Compostela. In Picaud's day the biggest concerns were how not to lose the trail and where to secure potable water. In the new version, detailed driving clues have taken the place of footpath instructions; and "watering holes" for cars are featured more prominently than those for people. But the purpose is still the same in the end: to reach Santiago, and to make the best possible use of the time spent in doing so.

The route to Santiago, called by James Michener "the finest journey in Spain and one of the two or three best in the world," in his monumental book, "Iberia," is neatly laid out with precise road number markings, distances, sites along the route, and even gas stations, in the free booklet distributed by the Spanish National Tourist Office. Armed with this handy booklet, pilgrims and other visitors can unravel over 400 miles of fascinating back country in Spain's Aragon, Old Castile, Leon and Galicia regions, where there is an abundance of castles, ancient abbeys, monasteries and cathedrals.

Several major cities now salt Picaud's route, as do paradors (government-operated hotels), so there is no worry about lack of accommodations and good restaurants. In fact, two of Europe's finest hotels are to be found at convenient locations along the way—the Hostal San Marcos, converted from a monastery, in Leon; and in Santiago de Compostela itself, the Hotel de Los Reyes Catolicos, once a medieval hospital which Fernando and Isabel ordered built for the pilgrims.

For a free copy of "The Way to Santiago," write to the Spanish National Tourist Office, 665 Fifth Avenue, New York, N.Y. 10022. □

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Por PIERRE F. DE RAVEL D'EXCLAPON
y VICENTE GARCIA-DELGADO SEGUES (Colaboración)

Resumen de las Medidas Antidumping de la Ley de Acuerdos Comerciales de 1979

Since the following discussion of the anti-dumping provisions of the 1979 law will be of especial interest to Chamber associate members in Spain, we are publishing it in Spanish.

El 26 de julio de 1979, el Presidente Carter ratificó la Ley de Acuerdos Comerciales de 1979, que ha entrado en vigor el 1 de enero de 1980. El objetivo de la ley es el de implementar los acuerdos adoptados con motivo de las negociaciones comerciales multilaterales celebradas en Tokyo bajo los auspicios del GATT. Si bien la ley, en términos generales, es similar a la Ley Antidumping de 1921, las nuevas medidas difieren substancialmente en aspectos de procedimiento, así como de divulgación de información confidencial presentada al Organo Administrativo ("OA"). La Administración Carter sometió asimismo al Congreso un plan de reorganización cuyo efecto será el de transferir la responsabilidad relativa a la administración de la Ley Antidumping del Departamento del Tesoro al ampliado Departamento de Comercio. Se cree que, en términos generales, dicha transferencia conllevará una aplicación más proteccionista de la nueva ley.

PRINCIPIOS GENERALES

Las tasas antidumping se imponen en todo caso que (1) el OA determine que un producto importado a los Estados Unidos se vende en dicho país a un valor "menor que su justo valor," por ejemplo, un valor por debajo del precio al que se vende en el mercado doméstico o en terceros países, y (2) la Comisión de Comercio Internacional ("ITC") determine que una industria de los Estados Unidos resulta o puede resultar perjudicada, o que la creación de una nueva industria se retrase substancialmente a resultas del dumping. La nueva ley define "industria" incluyendo industria regional en lo que respecta a "perjuicio," y establece diversos criterios para determinar si existe una situación de perjuicio substancial.

La nueva ley y las regulaciones propuestas bajo la misma, publicadas el 16 de octubre de 1979, codifican también las medidas administrativas que ya se han venido aplicando en esta área. Cuando el OA no puede determinar el "valor de mercado extranjero" mediante el uso de cifras de venta de productos similares en el mercado doméstico, el OA queda facultado para utilizar cifras de ventas en terceros países, o el valor estimado. El precio de Estados Unidos y el valor de mercado doméstico se someten a ciertos ajustes a fin de llegar al precio comparativo neto de salida fábrica. (Nótese que las regulaciones propuestas solo permiten incluir, a fines de ajuste, los gastos reales de venta incurridos en el mercado doméstico hasta la suma de los gastos de venta incurridos en el mercado de Estados Unidos). La nueva ley también permite al OA no tomar en consideración ajustes al valor de mercado extranjero que tengan un efecto "ad valorem" de menos del 0,33% y series de ajustes que tengan un efecto cumulativo de menos del 1,0%.

Finalmente, el nexo causal entre ventas a menos del valor justo y el perjuicio causado a una industria doméstica debe probarse. Nótese que, bajo la ley de 1979, el nexo causal queda probado si el dumping es "una de las causas" de perjuicio a la industria doméstica. No es necesario, contrariamente a lo dispuesto por el código antidumping del GATT, que el dumping sea "la causa principal" del perjuicio.

PROCEDIMIENTO

Las empresas que se han visto ya envueltas en procedimientos antidumping saben la cantidad de información detallada que el OA requiere. Para recoger y presentar tal información, resulta a veces necesario programar de nuevo las computadoras de la oficina central y usar un equipo de contables a tiempo completo durante muchas semanas. Con la reducción de los plazos estatutarios, la carga de responder a una demanda antidumping resulta más onerosa.

Una demanda antidumping puede instarse por cualquier "persona interesada." "Persona interesada" se define como fabricantes de productos similares, asociaciones comerciales de fabricantes de productos similares, o sindicatos de trabajadores que representen a los trabajadores en la industria doméstica en los Estados Unidos. Tras la recepción de una demanda en buena forma,

Pierre F. Ravel d'Esclapon es Abogado de la Barra de Nueva York, asociado con la firma Windels, Marx, Davies y Ives, y Consejero de la Cámara de Comercio Franco-Americana. Vicente García-Delgado Segués es Abogado del Colegio de Barcelona y de la Barra de Nueva York, también asociado con la firma Windels, Marx, Davies y Ives.

el OA está obligado a comenzar un procedimiento antidumping. (El OA puede también comenzar una investigación de oficio). Dentro de los 20 días siguientes a la presentación de una demanda, el OA debe determinar si la demanda alega adecuadamente las bases sobre las cuales pueda imponerse tasas antidumping. En tal caso, se inicia una investigación. Si no, el procedimiento en un momento anterior al establecido en la ley de 1921) debe determinar, dentro de los 45 días siguientes a la presentación de una demanda, si la industria doméstica es o puede resultar perjudicada.

El OA toma una determinación preliminar relativa a la existencia del dumping en un plazo de 90 días a contar desde la presentación de la demanda, siempre que tenga suficiente información para ello dentro de dicho plazo (decisión preliminar acelerada, con dispensa de verificación) o dentro de los 160 días siguientes a la presentación de la demanda (decisión preliminar ordinaria) o dentro de los 210 días siguientes a la presentación de la demanda, en casos extraordinariamente complicados.

Si la determinación preliminar entiende que existe una situación de dumping, el OA puede requerir una fianza o depósito en efectivo por una cantidad igual al márgen de dumping estimado. Caso de alegar "circunstancias críticas," tal como vienen definidas en la ley, y determinarse su presencia, la suspensión de liquidación puede decretarse retroactivamente a una fecha de hasta 90 días anteriores a la fecha de la determinación preliminar. La investigación continúa, tanto en el ITC, que debe tomar una determinación dentro de los 120 días siguientes a la fecha de la determinación preliminar relativa a la existencia del perjuicio, como a nivel del OA, que debe adoptar una determinación final relativa a la existencia del dumping dentro de los 75 días siguientes a la fecha de la determinación preliminar. El procedimiento completo no sobrepasará en ningún caso los 410 días desde la fecha de la presentación de la demanda. La orden imponiendo el cobro de las tasas antidumping debe decretarse dentro de los 7 días siguientes a la fecha de la decisión del ITC.

En cualquier momento anterior a la determinación final, el OA puede decidir suspender la investigación si la mayoría de los exportadores extranjeros convienen en cesar sus exportaciones a los Estados Unidos dentro de un período de seis meses, o a eliminar el márgen de dumping. En caso de contravención de dicho compromiso, el OA está facultado para imponer tasas antidumping con efecto retroactivo. La nueva ley y las regulaciones propuestas definen asimismo con mayor detalle los tipos de compromiso que puedan requerirse de los exportadores extranjeros, así como la medida en que las personas domésticas interesadas pueden participar en dichos procedimientos de suspensión. Se notará asimismo que el OA queda ahora facultado para divulgar datos presentados confidencialmente, siempre que se revelen en forma que no puedan usarse para identificar las operaciones de una persona determinada. Cada parte puede obtener la divulgación de información confidencial presentada por las otras partes a través de una llamada orden de protección.

VALORACIÓN DE LAS TASAS O DERECHOS ANTIDUMPING

Las tasas antidumping son pagaderas dentro del mismo período en que lo son los aranceles ordinarios, eso es, dentro de los treinta días desde la entrada o retirada de la mercancía del almacén. El pago final de las tasas debe hacerse dentro de los 12 meses siguientes a la terminación del período contable anual del fabricante o exportador en el que se venda en los Estados Unidos a una persona que no sea el exportador de la mercancía. Los intereses son ahora pagaderos en pagos por exceso y pagos defecto de cantidads depositadas por mercancía que ha entrado después de la fecha de la determinación final afirmativa por parte del ITC.

En el caso de que se determinara la existencia de "circunstancias críticas," las tasa antidumping pueden imponerse retroactivamente. Tal es el caso cuando (1) a. el producto ha sido ya determinado como parte de un dumping, dentro o fuera de los Estados Unidos; o, b. el importador sabía o debería haber sabido que el producto era parte de un dumping; y (2) ha habido una importación masiva sobre un corto período de tiempo que ha causado tal perjuicio a la industria americana que resulta necesario imponer retroactivamente las tasas antidumping.

La nueva ley antidumping, por consiguiente, sigue bastante de cerca la pauta del código antidumping del GATT. Sin embargo, dada la reducción de los plazos estatutarios y la intención declarada del Congreso de adherencia estricta a los plazos de tiempo, resulta de extremada importancia para los exportadores estar preparados, y reaccionar rápidamente en el caso de demandas antidumping. □

I.T.C. Recommends Additional 25% Tariff on Leather Apparel

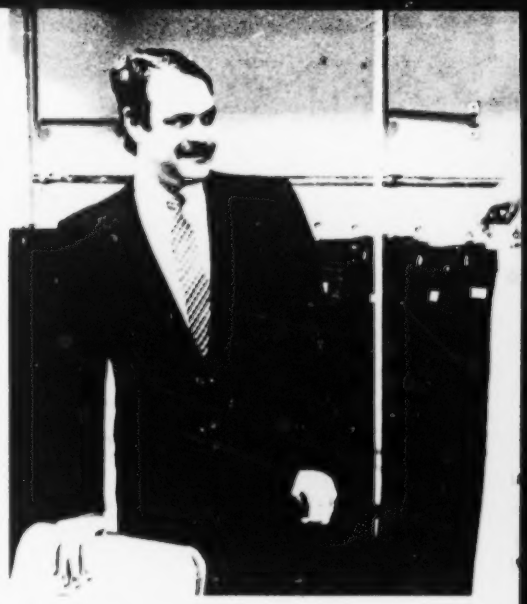
The International Trade Commission, reacting to complaints by domestic manufacturers, has recommended the addition of an additional 25% tariff to the 6% currently in force on leather wearing apparel.

The Chamber supports a campaign mounted by the American Importers Association to persuade President Carter to reject the recommendation. The A.I.A. points out that member firms lost one third of their market in 1979, as compared to 1978, due to a 1979 increase in leather prices, and that a further 50% reduction in sales is expected if the 25% tariff increase goes into effect. "The tariff will end up taking leather garments out of the reach of American consumers," an importer member of A.I.A. is quoted as saying, "without providing a single tangible benefit to anyone."

MEMBER PROFILE:

Lois

JEANS AND JACKETS U.S.A., INC.



Rigid quality control plus the most modern and automated production methods have helped to make Lois the best selling European-made brand of jeans—in Europe. Now the Valencia-based manufacturer, Textiles y Confecciones Europeas, S.A., hopes to duplicate this success in the American market. We interviewed Andrew R. Morris, president of the newly-established U.S. branch, at his brand new office at 135 West 50th Street.

Q Can you tell us how a Spanish company has been so successful in such a competitive market?

A Yes, the answer is quality. We are the only major company in the field which has a complete vertical manufacturing setup. Beginning with top grade cotton, which we import from America, we make our own yarns, weave the best denim in the world, dye it ourselves, and so on. Most jeans manufacturers buy the cloth and cut and sew it. By making the cloth ourselves we have total quality control at every step of the manufacturing process.

And of course we have one of the world's top designers, Guy Renard, who heads a large design staff. He is based in Paris, where he can keep ahead of design trends.

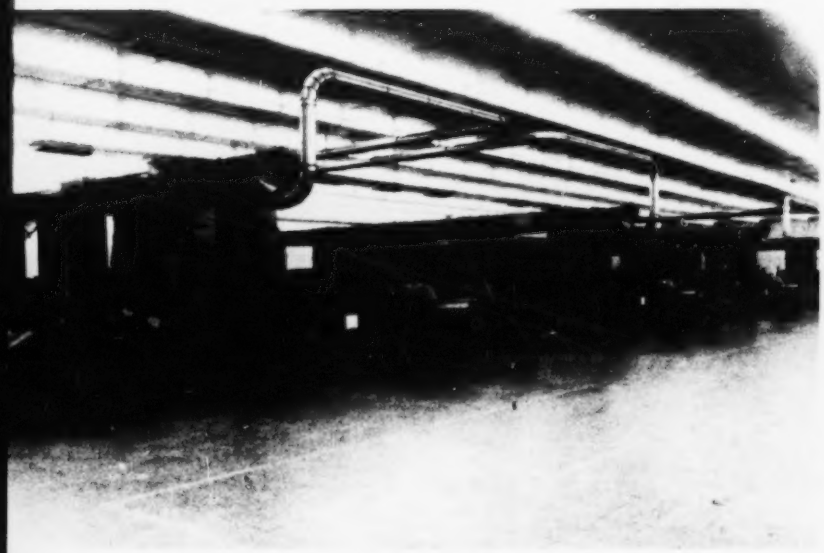
The result is that we have a fantastic position in Europe. We are the leading brand in France. This season we are the fastest growing jeans brand in the United Kingdom. In Holland, we are number two. You know, Amsterdam is the jeans capital of the world. Practically everyone you see there is in jeans. Holland has only 16 million people, but we sell four million pairs of jeans a year there.

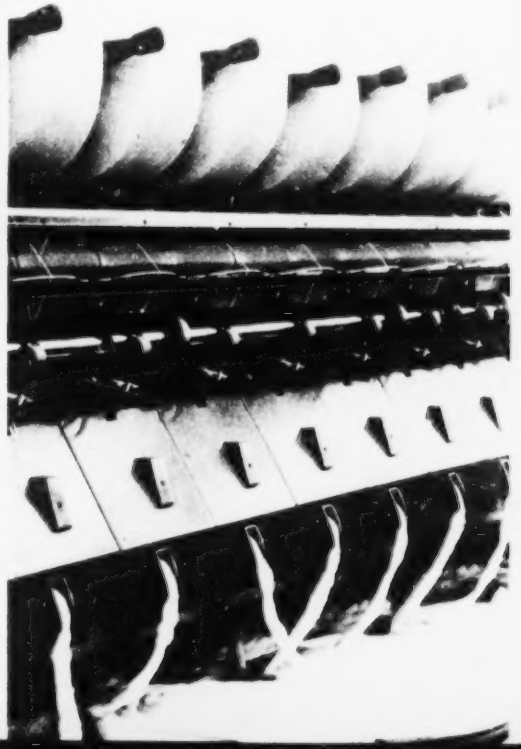
What a ratio!

Q Are Lois jeans and jackets produced entirely in Spain, or do you have factories in other countries?

A All the manufacturing is done in Spain, although we have sales outlets all over the world. We now produce about 40,000 units a day, and are the 26th largest exporter in Spain. In clothing, we are the number one exporter.

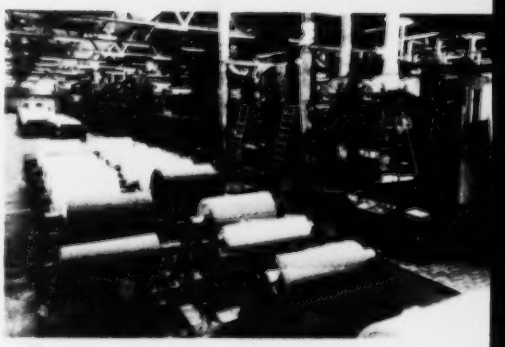
The company, Textiles y Confecciones Europeas, S.A., was founded about forty years ago by Don Joaquin Sainz Merino, who is still chairman.





Carding (above) and spinning (right) at the Alginet plant of Textiles y Confecciones Europeas, S.A., one of two plants which produce their own yarns—a total of 4,700,000 kgs. of yarn per year for denim and canvas.

Preparing to conquer the U.S. market are (far left) Francisco Richetti, Vice President for Administration and Finance, and Andrew R. Morris, President, Lois Jeans and Jackets U.S.A., Inc. At left is Paul Marks, National Executive Sales Director.

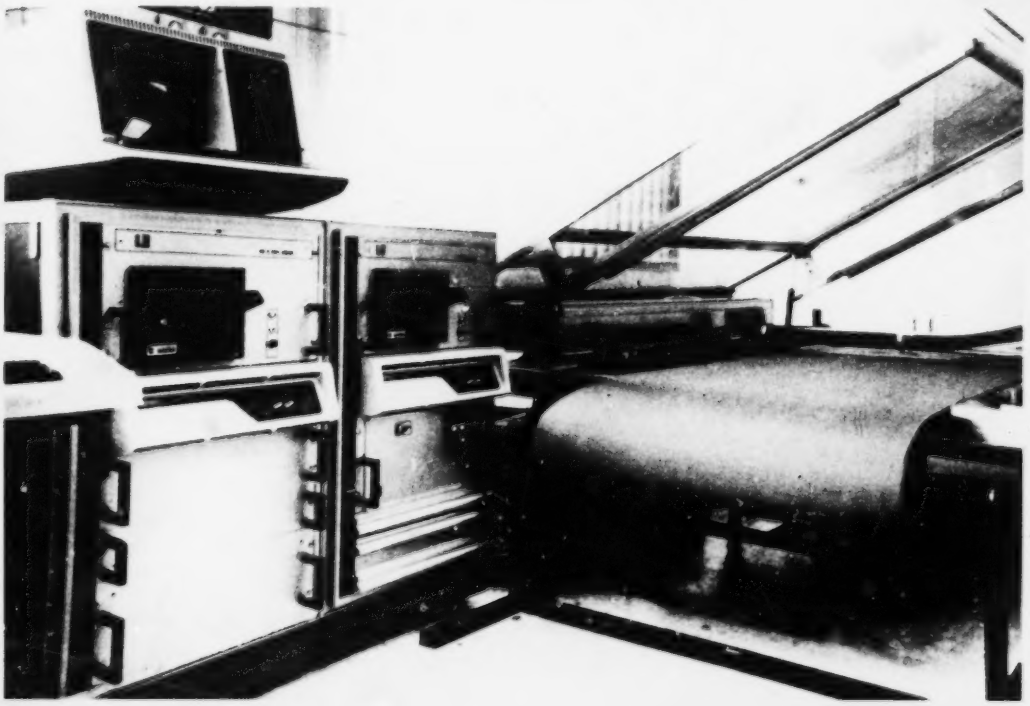


He is an extraordinary man. He started out quite modestly and built the company up gradually. From the start he was absolutely determined to produce a quality product and to use the most modern and up-to-date equipment and production methods possible. Thank God he did, because today the company is very highly automated and data-processing oriented. If it were not, we could never have kept up with the tremendous upsurge in demand during the past five years or so. It is a classic success story showing the value of investing in quality, both of product and of production facilities.

Q **And now you are entering the U.S. market...**

A Well, we had been selling here directly to retailers, but this is the first time we will have our own sales organization here. We were incorporated here only last April, and now we are selling for next Spring. Besides this office, we now have representative offices also in Atlanta, Chicago, Dallas, Detroit, Los Angeles and Miami.

Q **There has been very heavy promotion and advertising**



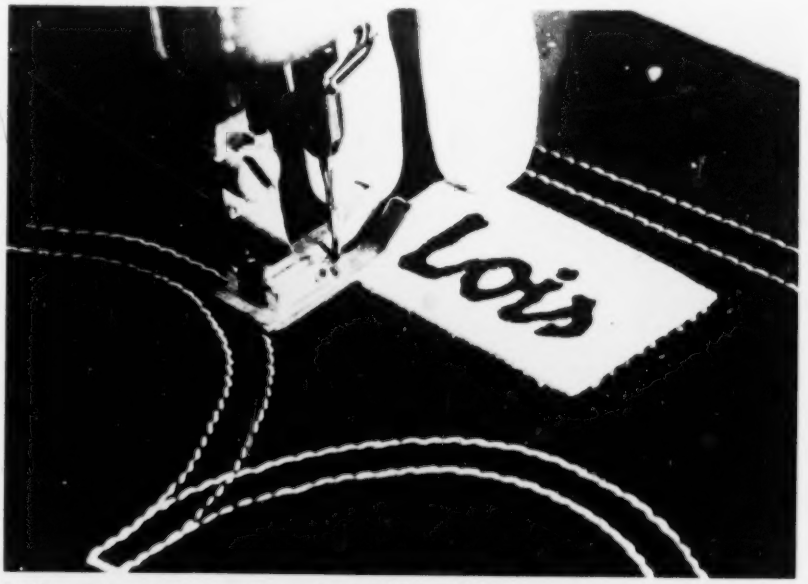
One of the company's weaving plants (above, top), at Navarres, produces 7,000,000 meters of denim per year. With 192 looms, it is one of the largest single-type weaving factories in Europe and is highly automated.

In a 30,000 square meter plant (above) 210 professionals work with the most sophisticated dyeing systems, producing 10,500,000 meters of cloth of various kinds annually.

At the Moncada plant (left), laser technology is used in patterning.

here of several brands of jeans—Levis, Jordache, Sasson, Gloria Vanderbilt, etc. Do you have a strategy for coping with all this competition?

A Well, we won't be competing with the lower-priced brands. The pricing structure in the jeans market is unusual. You can buy jeans for anywhere from $10 or $15 up to as high as $80. Ours will retail in the $40 to $50 neighborhood, which is not high for European-made branded jeans. We are coming into the market as a "status" European import, on my recommendation. People will pay for real quality—the best fabrics, consistency of sewing, good design—all the things that make the difference between a first class product and all the rest. We will be going only into the top stores, as the "Tiffany" of the classification. We are THE authentic European branded jean.



2,400 people, mostly women, work at six different factories sewing each of the millions of pairs of jeans which pass through their trained hands. Each pair requires about 33 different operations, and each operation is subject to quality control. At left is one of the sewing plants, at Benifayo, near Valencia.

Of course, I know this is a tough market, and it will take a great deal of patience and hard work. But we have learned from the Japanese. They come into a market and spend years promoting, advertising and selling before they expect to show a profit. American companies sometimes don't have that kind of patience, but that's the key to getting solidly established in a market.

Q Speaking of advertising, will you go in for heavy TV advertising, like some of your competitors here?

A Yes, we are considering using a TV commercial which has been very successful in Europe. It's very creative and high-tempo, and it won first price in the commercial division at the Cannes Film Festival in 1979.

Q Do you have other problems facing you as a new entrant in the U.S. market?

A We do have a problem regarding tariffs. We are now paying top dollar, but we are hoping for some favorable developments in that area.

Q What is your own background? How did you get involved in introducing Lois products in the U.S.?

A I've been in this field for twenty years. I started out at Macy's, and I've also been with Brooks Brothers and Associated Dry Goods, a department store chain. I also headed the Austin Hill Division of the Palm Beach Company, in Baltimore. I was running my own company when I got involved with the Lois organization and saw what a challenge it would be to introduce a top European product here. Now I'm commuting between the U.S. and Spain, working out marketing strategy. I convinced Lois to come into the U.S. market as a status product in the best stores, and I know I was right.

Q And how do you feel now about the whole project. Are you optimistic?

A Yes, I'm optimistic, but I'm also realistic. Not bearish, but realistic. I know exactly what a tough job we've got ahead of us, but I am confident that with patience we will carve ourselves a good hunk of the market. □

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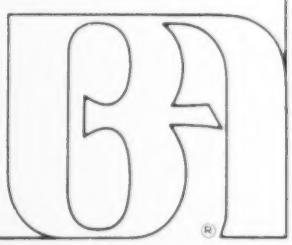

-Prepared by J. & A. GARRIGUES, NEW YORK OFFICE

CURRENT LEGISLATION IN SPAIN

A SUMMARY OF LEGISLATION PUBLISHED BETWEEN NOVEMBER 1st, 1979 AND JANUARY 19th, 1980

ADMINISTRATIVE

1. Ministry of Health and Social Security. Order of November 21, 1979 developing Royal Decree 909 of April 14, 1978, with regard to the establishment, transfer and staffing of pharmacies. (Official State Gazette, December 18, 1979).

The procedure for authorization of a new pharmacy starts with an application from the pharmacist or pharmacists concerned to the President of the College of Pharmacists. For the new pharmacy to be authorized, it is required that the town which it will serve should have at least 2,000 inhabitants. A pharmacist who is the owner of a pharmacy and intends to transfer, sublet or sell it, must advise the Provincial College of Pharmacists in advance; the College will publish the notice on its bulletin board and will carry out the relevant checks as to the situation and circumstances of the pharmacy in question, notifying every pharmacist with a pharmacy within 250 meters of the terms on which such transfer, sublet or sale is offered. If none of the pharmacists entitled to take up the option delivers written notice to exercise it within ten days, the option will be deemed lapsed and the intended transfer, sublet or sale may be carried out. If, on the other hand, pharmacists entitled to do so submit notice of their decision to take up the option within ten days, they must, within that period, evidence their having made a deposit or bank guarantee in favor of the pharmacist transferring, subletting or selling. On the death of a pharmacist who is the technical manager and owner of a pharmacy, his family must shut down the pharmacy and the heirs and successors will have one month in which to suggest to the College the appointment of a caretaker pharmacist. Should the spouse or children of the late pharmacist be studying pharmacy and wish eventually to practice that profession as the owners of the same pharmacy, they must apply within eighteen months for authorization for the continued operation of the pharmacy itself under a caretaker pharmacist, until they themselves obtain their degree.

2. Office of the Prime Minister. Royal Decree 2821 of December 7, 1979, approving the Third Hotel Modernization Plan. (Official State Gazette, December 19, 1979).

Natural or legal persons of Spanish nationality owning hotel businesses in the categories ranging from five-star hotels down to one-star hotels and similar establishments are eligible. The aims of this plan are: The adaptation of the facilities of hotel establishments to the regulations on fire safety, water supply and purification of waste discharges, healthy and safe working conditions for the staff, and the renewal of facilities equipment, particularly such as aim at energy savings. Priority will be given to applications whose aim is to finance adaptation of installations to fire-safety regulations. Excluded are expansions of premises and in general anything involving new construction or structural changes. Also excluded is such equipment as telephone switchboards, television sets, radio and "piped" music devices and facilities. The maximum load per establishment is the amount resulting from multiplying the number of rooms for residents by 200,000 pesetas. The interest rate will be the one current at the time the loan is formally executed and the maximum repayment period will be fifteen years, with a grace period of three years.

3. Office of the Prime Minister. Royal Decree 2826, of December 17, 1979, supplementing and amending Royal Decree 2512 of October 14, 1978, for the application of Article 11 of Law 38 of December 22, 1972 on air pollution. (Official State Gazette, December 20, 1979).

The purpose of this Decree is to facilitate the process of subsidy grants and to simplify the procedure for making them, in order to foster activity in the capital goods manufacturing industry and mitigate the present difficult economic situation of Spanish companies responsible for contaminants. The beneficiary company may ask for delivery of the grant amount once it has made a firm order and has the material stocked at the manufacturer's. In order that this may be sufficiently evidenced to the Directorate-General of the Environment, inspectors from the relevant provincial office of the Ministry of Industry and Power, or one of its collaborating entities, will pay a visit, certify the point, and report to the Directorate-General of the Environment. Applications for such grants must evidence that Spanish engineers and industry will participate in the planning and execution of the equipment and facilities to the extent of at least 90% of the total value of the facilities. In order to guarantee this obligation, the Property or Commercial Registry must contain the relevant marginal note affecting the land or installations, or some other property or properties of the company, if any, or else the company must give a bank guarantee for the grant amount.

4. Ministry of Public Works and Urbanism. Royal Decree 2817 of November 2, 1979, approving the Regulations of the Central Urbanism Commission. (Official State Gazette, December 20, 1979).

The chairman of the Commission will be the Undersecretary for Territorial Organization and Environment. The Commission may proceed through plenary meetings, meetings of its Sections or of subcommittees. Apart from the chairman, the following will also form part of the Commission in full: A vice chairman; representatives from several ministries; ten representatives of the Provincial Delegations; a representative of each of the General Councils of the Colleges of Lawyers, Architects, Civil Engineers and Economists;

a representative of the High Council of the Official Chambers of Property; and five members of accredited competency to be designated at the discretion of the Ministry of Public Works and Urbanism. The presidents of the Provincial Delegations or the "Cabildos" and the mayors of municipalities with more than 20,000 inhabitants will also form part of plenary sessions when discussing planning which may affect their competencies. The plenary sessions will also be joined by a representative of the Governments of each of the Autonomous Communities and of the pre-autonomic Entities to which competencies in matter of urban planning have been transferred; they may participate in discussions and vote at such sessions. There will be three sections functioning in the Central Commission: the Territory Organization Section, the Local Urban Planning Section, and the Land Use and Urban Regulation Section. The Territorial Organization Section will have competency in respect to reports having to do with the National and Territorial Guideline Plans of Coordination, whenever the full Commission grants it authority in this respect. The Local Urban Planning Section will have competency to report on all planning not mentioned above; and the Land Use and Urban Regulation Section will have competency to inform on all aspects having to do with the Urban System of Land Use, the execution of urban plans, the fostering and participation in the exercise of ownership authority relating to land use and construction and matters of violation of and penalties with respect to urban matters. The subcommittees may be set up by resolution of the Commission in full for special matters, for the purpose of achieving better development of the work of the Commission.

5. Ministry of Culture. Royal Decree 2828 of October 26, 1979, on the retail price of books. (Official State Gazette, December 20, 1979).

Books must be offered and sold to the public at a fixed price printed in each copy by any means. The following will not be subject to such indication of price: Books for the bibliophile market; art books; antique books or those out of print; books sold only by subscription, correspondence and house-to-house sale; books belonging to a series, or any subdivision of such series; and all books in which, for similar reasons, to print the price would substantially alter the special appearance thereof in relation to the intention with which they were published. In case of doubt, classification into the aforesaid categories will be carried out officially by the Spanish National Book Institute, on request. Sales made on Book Day, at National Book Fairs, and at official congresses and exhibitions, may bear a discount of up to 10%. Such books as, having been removed from their catalogues by the publishers, are allocated to second-hand trade or remaindered are exempt from the obligation to be sold at a fixed price.

6. Office of the Head of State. Organic Law 4 of December 18, 1979 on the Statute of Autonomy of Catalonia. (Official State Gazette, December 22, 1979).

Catalonia becomes an Autonomous Community under the preliminary title of this organic law, in order to govern itself as a people, the Generality ("Generalidad") being the institution into which such government is politically organized. The territory of Catalonia is composed of the provinces of Barcelona, Gerona, Lerida and Tarragona. Its official language will be Catalonian or Catalan as well as Castilian Spanish, and its flag will be its traditional one of four red stripes on a yellow ground. Spanish citizens resident in Catalonia for administrative purposes will have Catalonian political status. Title I establishes the competencies of the Generality, the following, among others, being exclusive to it: The organization of its institutions of self-government; the preservation and amendment of Catalonian civil law; procedural rules and those of administrative proceedings; culture; historical, artistic and other heritages; research; local government; territorial organization; hygiene; tourism; public works; pharmaceutical organization; the chambers of commerce and of property; professional colleges and associations; foundations and the like; sports and entertainment; casinos, gaming and wages or bets (all the foregoing subject to the provisions of the national Constitution).

The Generality also has competency over the legislative development of its administration; compulsory expropriation; the organization of credit, banks and insurance; environmental protection and organization of the fisheries sector. It is vested with competency to enforce State legislation in various areas, such as penitentiaries, labor, copyrights, patent and trade marks, fairs, museums, p[illegible] and airports. The following also f[illegible] part of its exclusive competency, in accordance with the economic activity of the State: Industry; agriculture and stockbreeding; foreign trade and economic planning in Catalonia. The Generality is empowered to create an Autonomous Police Force, and several articles of the Law specify its functions. It is also provided that the competency of the Generality will be complete in the regulation and administration of education at all levels; it is also vested with the power to develop legislation and to carry out radio and television broadcasting, as well as over health matters within its borders, the Social Security and its economic system, without prejudice to the provisions of the national Constitution. With the exception of the military code of justice, it will exercise in matters of the administration of justice all the functions of the organic laws on the judiciary and the general council thereof, establish the boundaries of the districts of jurisdiction in Catalonia, and aid in the organization of tribunals and the setting up of courts. The competency of jurisdictional bodies will extend to the civil order, the penal and social order with the exception of appeals for cessation and review, and to the contentious-administrative order in matters on which legislation is the exclusive competency of the Autonomous Community. In matters of its exclusive competency, the Generality may enter into covenants with other autonomous communities, which may first be approved by the Catalonian Parliament and then communicated to the national Parliament.

The Generality is made up of the Parliament, the President, and the Executive Council or Government. The Parliament will have its permanent seat in the city of Barcelona, but may sit in other places in Catalonia. It will be elected for a four-year term by universal, free, equal, direct and secret

suffrage, in accordance with the electoral law approved by the Parliament itself. The representative system will be proportional. The Parliament will have a President, a "Desk" and a permanent commission, and will function through plenary and committee sessions. The Catalonian Parliament will also designate the Senators who are to represent the Generality in the national Senate. The President will be elected from among its members by the Parliament iself and formally appointed by the King.

Title III of this Law deals with finance and economy, and provides that the Patrimony of the Generality will be made up of assets involved in services transferred to it, those acquired under any valid legal title, and such as make up the patrimony of the Generality at the time of approval of the Statute. Its treasury is made up of the revenue from taxes established by the Generality and that granted by the State; a percentage of total State revenue from direct or indirect taxes, including taxed monopolies; the revenue from its own taxes and special contributions, and the revenue from the International Compensation Fund, if any; other allocations from the General State Budget, bond issues and loans; the income from the patrimony of the Generality; revenue under private law, from legacies and gifts, subsidies and fines and penalties exacted within the scope of its competency. Its Executive Council or Government is also entrusted with the preparation and application of the budget of the Generality, while the Parliament must examine, amend, approve and supervise it.

7. Office of the Head of State. Law 2 of December 18, 1979, on the Statute of Autonomy for the Basque Country. (Official State Gazette, December 22, 1979).

The Basque people (or "Euskal-Herria"), in expression of their national identity and in order to achieve self-government, constitute themselves into an Autonomous Community within the Spanish State, under the name of "Euskadi" or "País Vasco" (Basque Country). Alava, Guipúzcoa and Vizcaya form part of this Autonomous Community, together with Navarre if it decides to join by initiative in a referendum particularly convoked for the purpose. The flag of the Basque Country is composed of a white cross superimposed on a green saltire, all on a red ground, and recognition is also given the flags and standards of the ancient territories making up this Autonomous Community. "Euskera," or Basque, the actual language of the Basque Country, is official in "Euskadi" (the Basque Country), along with Castilian Spanish. Those having residence for administrative purposes in any of the municipalities making up the territory of this Autonomous Community will have the political status of Basques. Residents abroad and their descendants shall, on request, enjoy the same political rights if their last place of residence for administrative purposes was in "Euskadi," provided that they keep their Spanish nationality.

The following, among others, are the exclusive competencies of the Autonomous Community of the Basque Country: The boundaries of municipal territories; the organization, system and operation of their institutions of self-government; internal electoral legislation affecting the Basque Parliament, general assemblies and autonomous deputations; the loca system and statute governing their functionaries; the conservation, amendment and development of its own civil law, particularly procedural rules and administrative and economic-administrative proceedings deriving from peculiarities of substantive law and the actual organization of the Basque Country; the public property and patrimony of the Autonomous Community; public easements, forests, agriculture and stockbreedings, fisheries and hunting; hydraulic plants; social welfare; foundations and associations; institutions and establishments for the protection and guardianship of minors and prisoners; pharmaceutical organization; research; culture; artistic heritage; archives; non-State-owned libraries and museums; agrarian organizations; chambers of commerce and property, etc.; professional colleges; cooperatives; consumer defense; commercial exchanges; industry, with the exception of the installation, expansion and transfer of such industries as are subject to special laws and those requiring foreign technology agreements; territorial and coastline organization; urbanism and housing; railways, transport, ports, airports, etc.; casinos, gaming and bets or wagers; tourism; sports; and entertainment. It is also part of the competency of the Community to develop and to enforce within its territory the basic State legislation in the following areas: Environment; expropriation; administrative contracts and cessions; and the system of accountability; the organization of the fishing industry; credit, banks and insurance; and the mining and energy systems. It is also competent to enforce penal legislation, labor legislation, the laws on copyrights, patents and trade marks, weights and measures, international fairs, the State public sector, ports and airports, and the organization of passenger and goods transport. Its competency in matters of jurisdictional bodies is similar to those already given for Catalonia. The Basque Country will also have its own autonomous police force; and it will, as in Catalonia, be able to develop legislation and enforce it with respect to health and social security matters and the communications media; and it may enter into covenants with other Autonomous Communities. The parliamentary system is the same as that in Catalonia, as is the public treasury system, although in the case of "Euskadi," fiscal relations between the State and the Basque Country will be regulated by means of the traditional local system of economic agrements or conventions with the State.

8. Ministry of Territorial Administration. Royal Decree 2821 of December 7, 1979, on transfers from the State Administration to the Canary Islands Board of matters relating to harmful, insalubrious, noxious and dangerous activities; urbanism; agriculture; tourism; local government; culture; and health. (Official State Gazette, December 24, 1979).

9. Office of the Prime Minister. Order of December 20, 1979, developing, in agricultural matters, Royal Decrees 298 and 299, both of February 26, 1979, and 698 of February 13, 1979, transferring competency from the State Administration to the General Deputation of

Aragon, the Council of the Valencian Country, and the Andalusia Board, respectively. (Official State Gazette, December 28, 1979).

10. Office of the Prime Minister. Royal Decree 2855 of December 21, 1979, creating Budget Offices. (Official State Gazette, December 28, 1979).

This Royal Decree creates Budget Offices in all Ministries, along with Budget Commissions under the chairmanship of the relevant Undersecretary. Among the duties of these Budget Offices are to analyze the plans of action and projects of the ministerial services in terms of projected expenses and objectives, including multiannual projections; to submit reports to the Budget Commission and to propose to the commission the review of expense programs; to provide information on projects, provisions and decisions of their department which affect public expenditure; and to coordinate the work of calculation of the cost of the departmental services to be transferred to the Pre-autonomous Entities and the Autonomous Communities.

11. Ministry of Territorial Administration. Royal Decree 2873 of December 17, 1979, on the allotment of competencies of the former Provincial Delegation of the Balearice Islands among the Insular Councils of Majorca, Minorca and Ibiza-Formentera and the General Interinsular Council. (Official State Gazette, December 29, 1979).

12. Ministry of Territorial Administration. Royal Decree 2874 of December 17, 1979, on the transfer of competencies from the State Administration to the Regional Council of Asturias in matters regarding harmful, insalubrious, noxious and dangerous activities; urbanism; agriculture; local fairs; tourism; transport; local government; culture; and health. (Official State Gazette, December 29, 1979).

13. Office of the Head of State. Law 42, December 29, 1979, on the General State Budget for 1980. (Official State Gazette, December 31, 1979).

Expenditures amount to 2,284,456 million pesetas, with revenue amounting to 1,994,000 million pesetas, which gives a deficit of 290,456 million pesetas. The most important provisions of a tax nature in the Law prescribe that on the subscription of State bonds or Treasury bonds or debt or loan bonds issued by the Autonomous Communities, the following percentages will be deductible from the personal income tax amount: 22% of investments made during 1980; and 20% on bonds issued by the Official Credit Institute, and on fixed income certificates of the National Industrial Institute, the National Rail Network (RENFE), the National Telephone Company, and electric power distributing companies quoted on the stock exchange. In any case, the maximum deductible investment of 25% of the tax base will be applicable to such deductions. As regards the special wealth tax, the reductions of the tax base are raised from four to six millions and from six to nine millions. Article 33, referring to Spanish legal persons with businesses abroad who are subject to the company tax, states that they may update to December 31, 1979 the value of their fixed assets located outside Spanish territory.

14. Office of the Prime Minister. Order of December 29, 1979, on the offer of exchange of shares in the "Metropolitan Company of Madrid" (underground railway) for those of the State-held portfolio. (Official State Gazette, December 31, 1979).

Every three shares in the "Metropolitan Company of Madrid" will be exchanged for two in the National Telephone Company.

15. Office of the Head of State. Royal Decree-Law 21, December 29, 1979, on the control of certain rents. (Official State Gazette, January 1, 1980).

It is provided with respect to leases of housing and business premises on legal extension of lease that, as from January 1, 1980 to December 31, 1980, the rent thereof may not rise more than 80% of the percentage change in the national general consumer price index during the twelve months immediately preceding the rise. Controls are also placed on the distribution of shares in profits in favor of boards of directors or stockholders performing their functions, which may not exceed in absolute amount the figure distributed in 1976.

16. Ministry of Territorial Administration. Royal Decree 2912 of December 21, 1979, on transfers of competencies of the State Administration to the Regional Board of Estremadura, in the matters of harmful, insalubrious, noxious and dangerous activities; urbanism; agriculture; local fairs; tourism; transport; local government; culture; and health. (Official State Gazette, January 5, 1980).

17. Ministry of Territorial Administration. Royal Decree 2917 of December 7, 1979, which broadens, in the matter of agriculture, the transfer of competencies from the State Administration to the Generality of Catalonia, the General Deputation of Aragon, the Council of the Valencian Country, the Andalusia Board, and the General Interinsular Council of the Balearic Islands. (Official State Gazette, January 7, 1980).

18. Ministry of Finance. Order of January 7, 1980, amending the retail selling price of certain petroleum products under the petroleum monopoly. 90, 96 and 98 octane motorcar gasolines are fixed at the following prices, respectively: 48 pesetas/liter; 54 pesetas/liter; and 56 pesetas/liter. (Official State Gazette, January 8, 1980).

19. Office of the Head of State. Organic Law 1 of January 10, 1980, on the General Council of the Judicature. (Official State Gazette, January 12, 1980).

It is stated in this Law that the Judicature is organized and exercises its duties in accordance with the principles of unity and independence. Administration of justice is vested in the General Council of the Judicature, which is competent throughout the national territory. Among the matters of decisive competency of the Council are: Proposals for the appointment of the Justice-President of the Supreme Court and members of the Constitutional Court; the selection, assignment, promotion, etc. of judges and magistrates, and clerks of courts and tribunals; the appointment of the Director of the School of Judicature; and the preparation and approval of the Draft Budget of the General Council itself. This Council

will have the power of initiative or suggestion and report with respect to the establishment of court districts; the establishment of the remunerations of the body of judges, magistrates and clerks; bills in procedural matters or those affecting the courts and tribunals or the Juridical Statute of Judges and Magistrates; and bills and provisions of a general nature in penitentiary matters and those of any level affecting judicial staff. The General Council will also be given a hearing in the appointment of the Attorney General of the State and may issue regulations as to its own organization and operations.

The General Council will be made up of the Justice-President of the Supreme Court, who shall be its Chairman, and of twenty members appointed by the King for a term of five years. Of these, twelve shall be chosen from among judges and magistrates; four shall be proposed by the Senate and four by the Congress of Deputies, in both cases by a majority of three-fifths of the membership of each House of Parliament, from among lawyers and other jurists of repute with more than fifteen years of practice behind them. Of the twelve members, three must be Magistrates of the Supreme Court, six Magistrates and three Judges. In the area of electoral procedure, it is provided that the following may not be candidates: Those not practicing at the time of the election notice (the electoral area will be the national territory as a whole); those who are members of the outgoing Council, with the exception of the Justice-President of the Supreme Court; those working on technical bodies of the Council; and those forming part of the Electoral Board, unless they state their intention to stand. The members of the General Council of the Judicature are subject to the same incompatibility of office as for members of the judicial profession. Those who are judges, magistrates or court officers will be granted special leave and their posts held open for them. The civil and criminal liability of the members of the General Council will be governed by the rules applicable to Magistrates of the Supreme Court. The members of the General Council may not be removed from office except by expiration of their terms of office, resignation, incapability, incompatibility, or serious breach of the duties of such office. They may not be promoted to the office of Magistrate of the Supreme Court, or appointed to any other office filled by discretionary appointment, during their term of office. Membership in the General Council will be salaried.

The organisms of the General Council of the Judicature are the Chairman, the Plenary Session, the Permanent Commission, the Disciplinary Section and the Classifications Section. Titles II and III of the Law establish the duties and competencies of these organisms and the system governing the acts and resolutions of the Council. Among the additional provisions of the Law is a prohibition on Courts of Honor in the administration of justice; and the system of professional association of judges and magistrates is indicated. Among the ends of such associations, which will have legal personality and full capacity, are the defense of the professional interests of the members; and it is specified that they may not engage in political activity or have any direct or indirect links to political parties or unions. Such associates must be nationwide in scope and all judges and magistrates may form part of them, although none may belong to more than one such professional association. Such associations will be validly formed as from their being recorded at the Registry of the General Council of the Judicature; they must conform to the requirements set out; and their by-laws must give the name, specific purposes, organization and representatives of the association; the membership system; economic means; and the manner of election of officers. If such professional associations engage in activity against the law or violate their own by-laws, the Public Prosecutor may, through ordinary declaratory proceedings, institute the dissolution of such association, which decision will lie among the competencies of the First Bench of the Supreme Court. The interim provisions give the disciplinary penalties; and, finally, the third final provision states that the articles of this Law must be adapted to the full text of the future Organic Law of the Judicature.

20. Office of the Head of State. Law 4 of January 10, 1980, on the Radio and Television Statute. (Official State Gazette, January 12, 1980).

The preamble to this Law states that radio and television broadcasting are deemed public services owned by the State and are essential vehicles of political formation and participation; of formation of public opinion; of cooperation with the educational system; of dissemination of Spanish culture and of that of the peoples and regions of Spain; and that they are a capital means of helping to make liberty and equality real and effective, with particular attention to minorities and non-discrimination against women. Within the public entity "Spanish Radio and Television" (Radiotelevisión Española, or RTVE), the State companies called "National Radio of Spain" (Radio Nacional de España, or RNE), "Spanish Radio Network" (Radio Cadena Española, or RCE), and "Spanish Television" (Televisión Española, or TVE) are set up for more efficient management. Among the general principles and scope of application set down in the articles of the Law, it is stated that the Government may grant the Autonomous Communities the direct management of a State-owned channel on authorization by act of Parliament.

The underlying principles of this medium of communication will be objectivity, truthfulness and impartiality in news reporting; the separation of news reporting and opinion; and respect for the political, religious, social, cultural and linguistic plurality of the country and for the honor, reputation and private lives of persons and such other rights and freedoms as are granted in the Constitution; protection of young people and children; and respect for the equality acknowledged in the Constitution. The public entity RTVE is made up of a board of directors, advisors from RNE, RCE and TVE and a director-general. The board of directors will be made up of 12 members, elected one-half each by the Congress of Deputies and the Senate for

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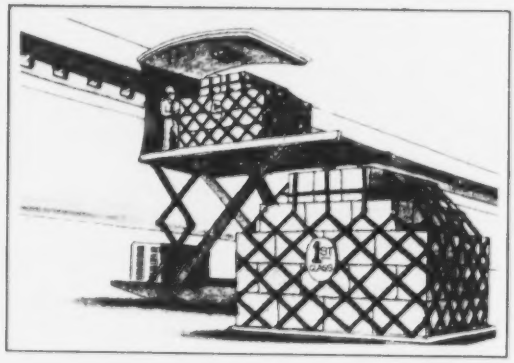

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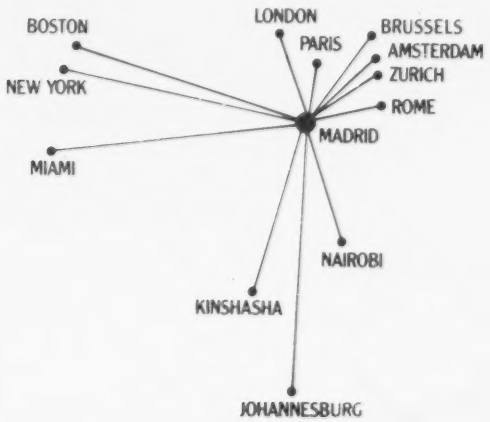

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each legislative period by means of a majority of two-thirds of each House from among persons of noteworthy professional merit. Members of the board may not have any direct or indirect links with advertising companies, program production companies, record companites, or bodies connected with the supplying of material or programs to RTVE and its companies. They may not be performing any active services for or be linked by a labor relation to RTVE and its companies.

The chairmanship will be temporary and will be held in rotating fashion by a different member every month. The advisors will be five representatives of the workers designated by the most heavily-represented union organization sections; five representatives designated by the Institute of Spain; five representatives of the public administration, designated by the Government; and five representatives of an equal number of Autonomous Communities or Pre-autonomic Entities. The director-general will be appointed by the Government after consultation with the board of directors, and will be the executive of RTVE, attending meetings of the board with the right to speak and vote thereat. This office will be incompatible with membership in Parliament or any other direct or indirect link to the organizations etc. mentioned above in the case of the board of directors. The Government may, after hearing the board of directors, remove the director-general for physical incapacity, manifest incompetence or court judgment for fraudulent offense.

The director-general of RTVE will appoint a territorial delegate in each Autonomous Community and a manager of each of the body's media: RNE and TVE. Management of the public service of radio broadcasting will be by the state companies RNE, RCE and TVE. The capital will be entirely State-held and may not be disposed of, mortgaged, encumbered, pledged or transferred in any way, whether gratis or for a good and valuable consideration. Thse companies will be governed by private law, with no exceptions other than those of this Statute itself. The Government may cause to be programmed and broadcast such official statements and declarations of public interest as it may deem necessary, indicating the source. The right to correction or rectification is also established; it may be claimed in writing within seven days. The existing autonomous body, RTVE, is suppressed, and the public entity RTVE becomes subrogated in its place. It is also provided that the companies managing these public services may issue bonds without coming under the restrictions of Article III of the Business Corporation Act.

21. Ministry of Finance. Royal Decree 2964 of December 29, 1979, providing for the issue of investment bonds up to a maximum of 220,000,000,000 pesetas and a ten-year repayment term. (Official State Gazette, January 12, 1980).

22. Office of the Head of State. Law 3, of January 10, 1980, governining cinematographic distribution and screening fees. (Official State Gazette, January 12, 1980).

23. Ministry of Industry and Power. Royal Decree 89, January 18, 1980, establishing new electrical power charges. (Official State Gazette, January 12, 1980).

COMMERCIAL

1. Ministry of the Economy. Order of December 20, 1979 regulating the opening of premises by savings banks recorded on the Special Register set up under the Decree-Law of November 21, 1929. (Official State Gazette, December 21, 1979).

Savings banks having more than fifty premises in a province or region other than that in which they have their main branch may freely open new premises in such province. If they have fewer than fifty premises open, they may free open further premises in the places in which they have previously been operating. Savings banks with outside resources of more than 50 billion (50,000,000,000) pesetas and those with a ratio of outside to own resources of at least 5% may open premises in the cities of Madrid, Barcelona, Valencia, Zaragoza and Bilbao. With regard to the expansion capacity of savings banks, the Order states that this will be determined by the application to each of them of the amount of resources necessary for expansion, in accordance with a scale on which those of the first group (cities with over one million inhabitants) will need resources of 180,000,000 pesetas; and the tenth and last group (towns with fewer than 2,500 inhabitants) will need 4,000,000 pesetas.

2. Ministry of Finance. Royal Decree 2847 of December 21, 1979, raising the interest rate on investment certificates to 6.75½. (Official State Gazette, December 27, 1979).

3. Ministry of Finance. Royal Decree 2998 of December 29, 1979, granting, on a reciprocal basis, exemption from import duties on air traffic documents of foreign airline companies. (Official State Gazette, January 18, 1980).

FISCAL

1. Ministry of Finance. Order of December 21, 1979, clarifying the deduction for children in the special personal wealth tax. (Official State Gazette, December 29, 1979).

This Order states that in order to qualify for the deduction for children under the said tax, the children in question must be under 25 years of age; or blind, heavily handicapped or physically or mentally disabled or subnormal.

2. Ministry of Finance. Order of December 21, 1979, establishing a 70% amortization applicable to temporary or lifetime unearned income. (Official State Gazette, December 29, 1979).

3. Ministry of Finance. Order of December 21, 1979, on per diem allowances for travel expenditure under the personal earned income tax. (Official State Gazette, December 29, 1979).

The following will be deemed per diem allowances or traveling expenses free of tax: Cost of travel and the

normal cost of meals and accommodations at hotels, restaurants and other hostelry establishments, consequent on the journey of the recipient to a municipality other than that of residence. When the journey lasts more than 183 days, the expenses involved will not be exempt.

4. Ministry of Finance. Order of December 21, 1979 on the period in which to opt for "transparency" in connection with the 1979 fiscal year. The period in question lasts until January 31, 1980. (Official State Gazette, December 29, 1979).

5. Ministry of Finance. Order of December 21, 1979, specifying certain obligations to provide information in connection with the personal earned income and company taxes. (Official State Gazette, December 29, 1979).

These obligations entail an annual summary of withholding operations, which must be submitted annually together with the last declaration on withholding.

6. Ministry of Finance. Royal Decree 2950 of December 7, 1979, amending the rates of Internal Compensating Tax (IEGI) and Tax Credits on Exports (DFE) to conform to Law 6/1979 on the Temporary Indirect Taxation System. (Official State Gazette, January 10, 1980).

The ICGI rate on technology will be 3.3%. The DFE rate will generally be arrived at by reducing by 1.5 points the respective rates of ICGI. In calculating the DFE rate, reference must be made to the amendments established for the customs duty schedules given in a table within the Decree and the schedule for technology—with the exception of books, magazines and daily newspapers; products subject to special taxes; shipments to the Canary Islands, Ceuta and Melilla; products and articles originating in the Canary Islands; and situations in which the current DFE rate is 2% or less. The DFE rate on technology will be 2.5% and on foreign ship repairs in Spanish shipyards 3.5%. The rates on exports by companies holding industrial exporters' licenses will be the ICGI rate for such goods less 1.5 points. The export of local-content foreign goods which have not been worked on in Spain (or, if worked on, when the increment in value has not been more than 5%) will produce a tax credit equal to the sum paid for ICGI on importation thereof. When the local-content products being exported have been utilized in Spain, the tax credit amount will be affected by the depreciation percentages on imports of goods. Exporters who are not the manufacturers or producers of the goods being exported may apply for a reimbursement equal to 1% of the tax base on which the tax credit assessments on exports for the previous year were made.

7. Ministry of Finance. Royal Decree 2951 of December 21, 1979 defining the scope of application of the general turnover tax on loan and credit operations in foreign currencies. (Official State Gazette, January 10, 1980).

The preamble to this Royal Decree states that the taxation of foreign currency operations in certain cases makes foreign companies liable for the tax, and in others makes it obligatory to shift the tax burden to persons outside Spanish territory. Such obligations are not usually demanded of Spanish companies in other countries. Furthermore, non-taxation of such operations is advisable from the standpoint of the national economy and facilities international financing; it could mean that Spanish could act as an international financing center. The articles state that turnover tax will not be required in any case on foreign currency loan and credit operations or in the services of banking institutions, credit establishments or savings banks directly related to such operations.

8. Ministry of Finance. Royal Decree 2956 of December 7, 1979, developing the third section of Chapter IV of Title I of Royal Decree 3250 of December 30, 1976, on the municipal establishment tax on hotel and restaurant businesses. (Official State Gazette, January 11, 1980). In determining the tax base of this tax, areas which, by reason of use, are merely accessory in nature will be excluded; the only spaces taken into account for purposes of the tax will be actual rooms, restaurant and cafe/bar areas, and those spaces used for management, reception etc.

9. Ministry of Finance. Order of December 28, 1979, on the capitalization of the regularization account under Decree-Law 12 of November 30, 1973, in the banking sector. (Official State Gazette, January 16, 1980).

10. Ministry of Finance. Order of December 4, 1979, regulating, for fiscal year 1979, the obligation and time periods for making returns, and approving the forms for personal income tax and for the special tax on personal wealth. (Official State Gazette, January 18, 1980). In general, the period will be March 1 to June 30, 1980. However, taxpayers whose abode for tax purposes is within the territory of the local Ministry of Finance offices of Barcelona, Madrid, Seville, Valencia and Vizcaya will have the following periods in which to make their returns: Persons whose paternal surnames begin with letters A through J: from March 1 to May 31; and letters K through Z, from March 1 to June 30.

FOREIGN INVESTMENTS

1. Office of the Prime Minister. Order of December 10, 1979 on authorization of securities investment companies and funds to acquire securities quoted on foreign exchanges. (Official State Gazette, December 29, 1979).

This Order authorizes the investment companies and funds registered with the Ministry of the Economy to acquire and sell foreign securities quoted on foreign exchanges, under certain restrictions as to amount and terms. The amount of foreign securities acquired may not be more than 20% of the net worth of such securities investment companies at the close of the last fiscal year. The securities acquired under this Order may be transferred within Spain among authorized securities investment companies and funds, who must advise the Directorate-General of Foreign Transactions and the

Directorate-General of Financial Policy of such operations.

INTERNATIONAL

1. Ministry of Foreign Affairs. Agreement between the Governments of the Kingdom of Spain and of the Federal Socialist Republic of Yugoslavia on cooperation in tourism, signed in Belgrade on July 12, 1978. (Official State Gazette, December 21, 1979).

2. Ministry of Foreign Affairs. Hispano-Honduran Social Cooperation Agreement, signed in Tegucigalpa on November 5, 1971. (Official State Gazette, December 22, 1979).

3. Ministry of Foreign Affairs. Royal Decree 2856 of December 21, 1979, creating the Spanish Embassy to the Kingdom of Swaziland. (Official State Gazette, December 28, 1979).

4. Ministry of Foreign Affairs. Notice of final effectiveness of the Air Transport Convention between the Governments of the Kingdom of Spain and of the United States of Mexico, signed in Mexico City on November 21, 1978. (Official State Gazette, January 2, 1980).

5. Ministry of Foreign Affairs. Notice of final effectiveness of the Industrial, Energy and Mining Cooperation Agreement between the Governments of Spain and Mexico, signed in Mexico City on November 21, 1978. (Official State Gazette, January 3, 1980).

6. Ministry of Foreign Affairs. Basic Agreement on Social Security Matters between the Governments of the Kingdom of Spain and of the United States of Mexico, signed in Mexico City on November 7, 1979. (Official State Gazette, January 4, 1980)

LABOR

1. Ministry of Health and Social Security. Royal Decree 47 of January 11, 1980 reviewing and improving pension payments. (Official State Gazette, January 14, 1980).

POLITICS

1. General Council of the Basque Country. Decree of January 12, 1980 announcing elections to the Basque Parliament for March 9, 1980. (Official State Gazette, January 19, 1980).

PROCEDURAL

1. Office of the Head of State. Royal Decree-Law 22 of December 29, 1979 on the procedure to follow in cases of matrimonial separation. (Official State Gazette, January 5, 1980).

The preamble states that the Accords between Spain and the Holy See empower the parties to have recourse to the Ecclesiastical Courts in application for an annulment or Pontifical decision on legitimately solemnized but unconsummated marriages, but that they do not contemplate requests for separation and the measures which may be adopted in such cases by the civil courts; so that it is a matter of urgency to regulate the procedural aspects of such requests, whatever the form of marriage. Cases of matrimonial separation will be heard and decided on by the Courts of First Instance under the procedural rules of the Civil Proceedings Act, the only exception being that the ordinary period for the proposal and taking of evidence will be thirty days. The Public Prosecutor shall have no part in the proceedings, unless there are minor or handicapped children.

2. Ministry of Justice. Order of January 9, 1980 on the formation and operation of the Territorial Court of Appeal of Bilbao. (Official State Gazette, January 10, 1980).

This Court will be made up of a Civil Bench with a Judge-President and two Magistrates; and a Contentious-Administrative Bench, also with a Judge-President and two Magistrates. The Provincial Court of Appeal will have a First Section composed of the Judge-President of the same Court and two Magistrates, and the Second Section will have a Judge-President and two Magistrates. The Prosecutor's Office of the Territorial Court of Appeal of Bilbao will be made up of a Prosecutor of the Territorial Court of Appeal, and Assistant Prosecutor, and seven prosecuting counsel. The Territorial Court of Appeal of Bilbao will be formed and commence activity on February 14, 1980. □

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FROM THE SPANISH COMMERCIAL OFFICE IN NEW YORK

Spain's Exports to the U.S., Jan. 1-Oct. 31, 1979

In this tabulation, using statistics from the United States Department of Commerce, the first column gives Spain's total exports to the United States from January 1, 1979 through September 30, 1979, in thousands of dollars. The second column gives the percentage of variation from the same period of 1978.

	Jan.-Sept. 1979	% Variation from 1978
I. FOOD PRODUCTS	**111,564**	**-13.3**
1. Fish & seafood, except preserved	2,794	-49.3
2. Preserved fish and seafood	8,654	-11.1
3. Marmalades & preserved fruits	6,230	+142.3
4. Vegetables, prepared or preserved, including olives	71,542	-11.7
5. Sweets with a sugar base which do not contain cocoa	1,464	-54.9
6. Extracts & concentrates of coffee	5,502	-5.1
7. Paprika	5,371	+58.2
8. Food preparations, unspecified	2,219	-7.6
II. BEVERAGES AND TOBACCO	**45,883**	**+0.2**
9. Table wines and Sherry	29,109	+2.3
10. Sangria	6,104	-7.9
11. Brandy and similar	5,034	+9.9
12. Processed tobacco	5,473	-8.2
III. RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM & OTHER VEGETABLE PRODUCTS	**17,563**	**-15.2**
13. Fluorspar	2,402	-53.4
14. Raw materials of animal origin	2,477	-16.6
15. Gums, resins & natural lacquers	2,798	+12.4
16. Other crude vegetable materials	4,357	+7.4
VI. MINERAL PRODUCTS AND LUBRICANTS	**15,763**	**-18.9**
17. Lubricant oils and fats, hydrocarbons	584	-76.8
18. Residues of petroleum refining	10,910	-26.9
V. OILS AND FATS, ANIMAL & VEGETABLE	**15,407**	**+16.7**
19. Olive oil	15,273	+15.8
VI. CHEMICAL PRODUCTS	**39,863**	**-6.8**
20. Organic chemical products	11,545	-17.2
21. Inorganic chemical products	9,312	+28.9
22. Essential oils and materials for perfumes	9,552	+2.1
22. Soaps and detergents	1,366	-77.7
VII. MANUFACTURES AND SEMI-MANUFACTURES	**361,159**	**+3.4**
24. Leathers, hides and their manufactures	10,481	+37.3
25. Tires	63,331	+17.5
26. Manufactures of wood and cork	6,273	+10.6
27. Paper and cardboard articles	7,151	+45.1
28. Threads and yarn	2,299	-53.3
29. Woolen fabrics	2,326	-32.5
30. Lime, cement and other construction materials except tiles	12,721	+32.4
31. Tiles	4,462	+49.1
32. Glass and crystal articles	3,361	-27.4
33. Pottery articles	7,779	+39.4
34. Iron & steel in bars, sheets, etc.	118,001	-23.5
35. Non-ferrous metals	48.723	+51.2
36. Wire, without electrical insulation	12,139	-17.9
37. Screws, nails, rivets of iron, steel and copper	13,151	+26.5
38. Hand tools	8,317	+10.8
39. Household products of metal	13,572	+116.7
40. Metal manufactures, unspecified	14,919	+25.6
VIII. MACHINERY AND TRANSPORT EQUIPMENT	**107,811**	**+31.9**
41. Non-electric generators & parts	6,389	+48.8
42. Agricultural machinery & parts	6,235	+55.4
43. Office machinery & parts	5,144	+2.3
44. Metal-working machinery	21,155	+73.9
45. Textile & leather machinery	5,567	-13.5
46. Industrial machinery	5,127	+229.5
47. Unspecified machinery and apparatus, and parts	15,316	+81.1
48. Electrical generators, switches and parts	3.193	+19.7
49. Household electrical appliances and parts	1,057	-34.6
50. Electrical machinery & apparatus, unspecified, and parts	5,154	+15.0
51. Transport equipment	23,879	+11.4
51-a. Parts & accessories for tractors, vehicles, motors	17,358	+16.9
51-b. Motorcycles and parts	2,195	-36.9
IX. CONSUMER MANUFACTURED PRODUCTS	**349,363**	**+4.6**
52. Lamps and parts	10,380	-0.3
53. Furniture	14,189	+5.9
54. Luggage and handbags	6,196	+17.9
55. Textile manufactures	2,907	-13.9
56. Leather manufactures and accessories	3,536	-50.4
57. Knitwear manufactures and accessories	2,460	-20.6
58. Footwear	242,515	+1.3
59. Printed material	18,207	+32.5
60. Games and sporting goods	6,756	-2.1
61. Arms and parts, except revolvers and pistols	3,884	+26.0
62. Objects of art and antiques	14,642	+114.0
63. Jewelry and costume jewelry	11,718	+8.6
64. Other unspecified manufactures	2,968	+7.9
X. OTHER PRODUCTS, UNCLASSIFIED	**14,392**	**-4.9**
65. Special transactions, unclassified	9,427	-7.7
66. Arms of war, including revolvers, pistols and ammunition	3,565	+24.7
67. Estimated value of imports in lots valued under $251 each	1,395	-32.3
TOTAL	**1,078,773**	**+2.7**

Courtesy of BANCO DE BILBAO

Instrucciones para la importación de mercancias y productos extranjeros a traves de Ferias Internacionales

The regulation below, published in Spanish, was issued in mid-1979 by the Comisaria General de Ferias. It concerns the importation of merchandise into Spain for exhibition at international fairs and exhibitions (see the list of fairs on the opposite page).

La presentación de mercancías y productos extranjeros en estos certámenes se efectuará con arreglo a las disposiciones arancelarias en vigor, entrando en los recintos feriales, para su exhibición, en régimen de importación temporal o utilizando los Cuadernos ATA.

Las mercancías y productos importados en este régimen podrán permanecer en el recinto de las ferias respectivas durante la celebración del certamen y por un plazo no superior a tres meses desde el día de la clausura del mismo.

Los productos y mercancías exhibidos en Ferias o Salones Internacionales podrán ser importados con carácter definitivo, de acuerdo con las siguientes

INSTRUCCIONES

I. DECLARACIONES DE IMPORTACION PARA MERCANCIAS LIBERADAS

Los productos de libre importación, en la fecha de la clausura del certamen internacional, podrán ser importados con la obtención, por las firmas interesadas, de las licencias de importación para mercancías liberadas, de acuerdo con la legislación vigente.

II. PRODUCTOS DE IMPORTACION ESPECIAL

Para los productos cuyo régimen de importación sea el globalizado, bilateral o el de Comercio de Estado, se establece el procedimiento siguiente:

1. PLAZO DE PRESENTACION

Los expositores que deseen importar definitivamente los muestrarios exhibidos deberán presentar, a partir de la publicación de la presente convocatoria en el boletín semanal de "Información Comercial Española" y hasta el día 15 de noviembre del año en curso, solicitudes de prelicencia de importación, en los impresos reglamentarios, en el Registro General del Ministerio de Comercio y Turismo o en sus Delegaciones regionales.

2. REQUISITOS

Además de los señalados en los correspondientes impresos será imprescindible la presentación, ante la Comisaría General de Ferias, de la "Tarjeta de Identidad Fiscal de Entidades Jurídicas" o documento análogo, para las empresas individuales.

Será preciso la presentación de una solicitud de prelicencia por cada unidad que se pretenda importar.

Las solicitudes que no reúnan todos los requisitos exigidos quedarán automáticamente denegadas.

3. CONCESION DE PRELICENCIAS

La Comisaría General de Ferias, comprobado el cumplimiento de los requisitos exigidos, devolverá al solicitante el ejemplar FA3, haciendo constar la resolución correspondiente. En los quince días siguientes del recibo de dicho ejemplar se presentarán los impresos de "Prelicencias de importación para mercancías exhibidas en ferias internacionales," en los mismos términos de la solicitud autorizada.

4. RECTIFICACIONES

Se podrán solicitar rectificaciones de prelicencias ya autorizadas, en un plazo no menor de trenta días antes de la inauguración del certamen en que deba exhibirse la mercancía.

En tal caso presentarán en la Comisaría General de Ferias nuevos ejemplares de "prelicencia" con sus facturas pro-forma correspondientes, así como el ejemplar FB3 autorizado, quedando aprobadas automáticamente si el valor es igual o menor al ya concedido. La autorización de nuevas prelicencias que signifiquen aumento de valor o cambio de mercancías quedará a juicio de la Comisaría General de Ferias.

5. TRAMITACION DE PRELICENCIAS

El titular de una prelicencia autorizada no tendrá derecho a la concesión de una licencia de importación definitiva para los productos en ella reseñados hasta que:

a) Su exhibición se realice durante el transcurso de la feria o salón y haya sido debida y favorablemente diligenciada por el funcionario que, dependiente de la Comisaría General de Ferias, se designe al efecto. Para ello deberá encontrar a su disposición en el "stand" el ejemplar FB3 de la prelicencia.

b) Durante los quince días anteriores a la inauguración de la feria o salón, las firmas expositoras deberán presentar, en la Delegación Regional de Comercio correspondiente, la solicitud y licencia de importación definitiva de mercancías amparadas por prelicencia, acompañadas de una fotocopia del ejemplar FB3.

El plazo de validez de estas licencias será de diez días hábiles contados a partir de la fecha de clausura del certamen, prorrogable por otros diez días, previa justificación, por el interesado, de esta necesidad.

6. TRAMITES ESPECIALES

a) Licencias para productos de consumo o venta durante la celebración del certamen: se debe presentar en la Comisaría General de Ferias de este Departamento, sesenta días antes de la inauguración de cada certamen, un certificado de la Dirección de la feria correspondiente, en el que se haga constar que se ha contratado el "stand" y la autorización concedida para el consumo de los productos.

b) Productos a exhibir en pabellones oficiales de países extranjeros: con independencia de las normas anteriores, los países que deseen participar con pabellón oficial en las ferias internacionales españolas en 1980 presentarán en el Registro General del Ministerio de Comercio y Turismo, a través de su representación oficial comercial, solicitud de prelicencia de importación, en la que figure la firma exportadora del país correspondiente y la importación en España, acompañadas de la documentación exigida y una relación detallada de las mercancías que pretendan exponer y sus valores aproximados, con una antelación de cuatro meses antes del comienzo de cada certamen.

Cualquier rectificación que consideren necesaria debe comunicarse a la Comisaría General de Ferias, con tiempo suficiente para que la mercancía se encuentre en el recinto ferial antes de la inauguración del certamen.

Por la Comisaría General de Ferias se procederá a dictar las disposiciones precisas para el cumplimiento de las presentes instrucciones.

Ferias y Exposiciones Internacionales en 1980

Valencia	Feria Internacional de Valencia	3-11 mayo
Barcelona	Feria Internacional de Barcelona	3-11 junio
	CERTAMENES NACIONALES GENERALES	
Sevilla	Feria de Muestras Iberoamericana (internacional para países americanos)	21 abril-1 mayo
	CERTAMENES MONOGRAFICOS INTERNACIONALES	
Elda	I Salón Internacional de la Industria Conexa del Calzado, "FICIA"	8-11 enero
Valencia	Feria Internacional de Manufacturas Textiles para el Hogar y la Decoración "TEXTILHOGAR"	15-19 enero
Barcelona	Salón Náutico Internacional y del Deporte	19-27 enero
Valencia	Feria Internacional del Juguete	16-22 febrero
Barcelona	Salón Internacional de la Alimentación, "ALIMENTARIA 80"	8-14 marco
Elda	Feria Internacional del Calzado, "FICIA" (primera edición)	22-30 marzo
Zaragoza	Feria Internacional del Arte en Metal	12-19 abril
Valencia	Feria Internacional Monográfica de Maquinaria de Elevación y Transporte (Manutención), "EXMA 80"	14-20 abril
Bilbao	Feria Monográfica Internacional de la Calefacción, Refrigeración, Acondicionamiento de Aire, Extracción, Ventilación, Fontanería, Saneamiento y Aislamiento Técnico y Acústico, "AMBIENTE 80"	5-10 mayo
Elda	II Sálon Internacional de la Industria Conexa del Calzado, "FICIA"	9-12 junio
Elda	Feria Internacional del Calzado, "FICIA" (segunda edición)	9-12 septiembre
Valencia	Feria Internacional del Vestido y Moda Infantil, Juvenil y Complementos, "FIMODA 80"	11-14 septiembre
Barcelona	Salón Internacional de la Imagen, Sonido y Electrónica, "SONIMAG"	27 sept.-5 oct.
Valencia	Feria Internacional del Mueble	13-19 octubre
Madrid	Feria de Muestras Monográfica Internacional del Equipo de Oficina y de la Informática, "SIMO"	14-21 noviembre
Valencia	Feria Internacional de Maquinaria para la Madera	17-23 noviembre
Elda	III Salón Internacional de la Industria Conexa del Calzado, "FICIA"	13-16 diciembre
	CERTAMENES MONOGRAFICOS NACIONALES CON SECTORES DE CARACTER INTERNACIONAL	
Valencia	Feria Monográfica de la Cerámica, Vidrio y Elementos Decorativos e Internacional de Maquinaria para su Fabricación	23-30 marzo
Barcelona	Salón Nacional del Hogar, Decoración y Gastronomía e Internacional del Equipo Hotelero, "HOGAROTEL"	15-22 noviembre

News in Brief . . .

Iberia Air Lines Celebrates 25th Anniversary

At a celebration in New York of the 25th Anniversary of Iberia International Air Lines of Spain are (left to right) Enrique Garcia Herraiz, Director of the Spanish National Tourist Office in New York; Consul General Rafael de los Casares; and Guillermo Palance of Iberia's home office in Spain.

Nissan Motor Co. of Japan Buys Share of Motor Iberica, S.A.

The Nissan Motor Company of Japan, manufacturers of cars and trucks sold abroad under the trade name of Datsun, have purchased a 36% share in Motor Iberica, S.A. from Massey-Ferguson Ltd. of Canada. The reported price was $40 million. Nissan will merge Motor Iberica, a Barcelona manufacturer of trucks, farm machinery and diesel engines, with Enasa, a state-owned Madrid truck maker, supplying its latest technology to the new firm under an agreement with the Spanish government.

The Nissan acquisition is generally reported to be a move designed to make an eventual penetration of the automobile market of the European Economic Community after Spain becomes a full member in 1983. There has been increasing pressure to limit imports of Japanese vehicles in Europe, in view of the fact that Japan now sells some 600,000 vehicles a year there but allows imports of only about 50,000 European cars annually. Japanese cars have already been limited to 10% of the domestic market in Britain and 3% in France.

According to a New York Times report, Nissan will streamline low-productivity operations at Motor Iberica and Enasa, which employ over 20,000 workers, and produce 40,000 vehicles annually, as well as farm machinery. Nissan will not at present produce passenger cars in Spain, according to a spokesman quoted in the Wall Street Journal. "The competition in this field is already excessive, with U.S. and European cars in the market," the spokesman was quoted as saying. "We don't want to join them at the moment."

New Freight Rate on Olives

Following a meeting with U.S. olive importers in New York on January 16th, F. M. Ravera, Secretary of the Iberian Conference [of shipping lines] announced that conference members had established a rate of $80.00 per 1,000 kilos for olives of all kinds, in any type of packing. The rate was effective February 1, 1980.

Manufacturers Hanover Inaugurates Madrid Branch

On the occasion of the inauguration of the Madrid branch of Manufacturers Hanover Trust Company on November 14th, John F. McGillicuddy, Chairman and President of Manufacturers Hanover addresses the American Chamber of Commerce in Madrid on "The World Economy—the Problem of Progress." The address took place at one of several events celebrating the establishment of the new branch.

First Spanish Airfreight Charter Carrier

Transcargo, a Madrid charter airline, is the first company authorized by the Spanish government to operate airfreight charter flights to any part of the world. The company operates B707-320C and CL-44 equipment capable of transporting 42 and 32 tons respectively.

Rate information can be obtained from the company, Transcargo (Cía. Española de Carga Aerea, S.A.), Nuñez de Balboa, 120, Madrid-6 (Tel. 262 60 00).

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Business Opportunities

SPANISH PRODUCTS OFFERED

Canned vegetables:
Sr.D. J. L. Ibarrola
Industrias Alimenticias de Navarra, S. Coop.
Apartado 2
Villafranca (Navarra)

Watches:
Relojes Soher
Apartado de Correos 6
Torrente (Valencia)

Evergreen & oak charcoal:
Severino Zapata Tudela
Dr. Fleming, 43 - 3C
Madrid

Handbags; hats; textiles; canned foods; linen goods:
Sr.D. D. R. Pozuelo Moreno
Manufacturas Artesanas Manchegas
c/Aragón, 22
Ciudad Real

Footwear:
Castaner, S.A.
Ronda Fortia, 1
Bañolas (Gerona)

Automotive accessories; bathroom fixtures:
Plasticos Marsa, S.A.
Avda. Federico Rohala, 49
Barcelona-32

General exporters:
Promo-Prix
c/San Martin de Porres, 14
1° C Escalera D
Madrid-35

General exporters:
Hans Kiesel, S.A.
Provensa, 284 - 5° AYB
Barcelona-8

Machinery for the bottling industry:
Sr.D. Miguel Bou Pascual
Chelle Española, S.A.
Numancia, 71
Barcelona-29

Perfumes, cosmetics:
Ripey, S.A.
Apartado 54
Sant Boide, Llobregat
(Barcelona)

Ladies' & men's ready-to-wear:
Turro, S.A.
c/Madrid, s/n - 1°
Olot (Gerona)

Gift articles; costume jewelry:
Industrias Bitoca
Apartado 150
Ciudadela (Baleares)

Gauges, flat & ring shape; measuring & control instruments:
Precincolor, S.A.
Apartado 5
Ermua (Vizcaya)

Machines, tools, accessories & supplies for the casting industry:
Sr.D. José María Ortiz Gervas
ECOMA, S.A.
Avenida Brasil - 4/8
Madrid-20

Garden statuary of artifical stone:
Home Tropic de España
c/ Irlanda, 86
Santa Coloma de Gramanent
(Barcelona)

Leather articles:
Curtidos Mediterraneo, S.A.
Guillen de Castro, No. 64-A
Valencia-8

Industrial valves:
Rosario Exportaciones, S.A.
c/Pizarro, 7 - 3° F
Madrid-20

Candies; dried fruits; handicrafts:
Sr.D. Ignacio López Guirao
c/Mar Menor Edif. Ana 9-A-E
Murcia

Guns for hunting:
Armas ERBI
Apartado 45
Elgoibar (Guipúzcoa)

Wines:
Bodegas Internacionales, S.A.
Apartado de Correos, 40
Jerez de la Frontera (Cádiz)

Drive bearings:
Talleres Hercules, S.A.
Polígono Malpica, Calle B
Parcela 84-A
Zaragoza, 16

Hand tools:
Manufacturas del Zadorra, S.A.
P.O. B. 19
Alava (Vitoria)

Leather gloves:
Sr.D. D. J. Hernandez Salinas
Iberdelta, S.A.
Cea Bermudez, 46
Madrid-3

Bottle corks for champagne:
Industria Corchera Beltran, S.A.
Apartado 6
Gerona

Leather articles:
Señores Suarez
Apartado 67
Gata de Gorgos (Alicante)

Dried orange and lemon peels; ground anisette; paprika; zaffron:
Productos Mencey, S.A.
Algezares (Murcia)

Yellow iron oxide:
Eduardo Garces, S.A.
Carretera de Sierra Nevada, 20
Granada

Door locks:
Ezcurra Esko, S.A.
P.O. Box 5
Escoriaza (Guipúzcoa)

Oak wood products:
Genovart
c/Venerable Sor Ana, s/n
Valdemosa (Mallorca)

Lamps, timing lights:
Sr.D. Gabriel Montoliu
Comercial Montoliu
Rocafort, 35
Sabadell (Barcelona)

Handmade tapestries:
Señores Scheinuk
Paseo de Gracia, 10
Barcelona-7

Storage equipment:
Sr.D. J. A. Hevia Corte
Esmena, S.A.
Apartado 335
Gijón

Jewelry of white and yellow gold:
Sr.D. Alberto Enriquez Moreno
La Paz 34 A
Barcelona-20

Stainless steel tubes:
Automatización Industrial
Carretera de Extremadura Km. 12,6
Alcorcon (Madrid)

Bathroom fixtures—chromium plated, wood, and glass:
Señores Struch
Ramón y Cajal, 114
Alberique (Valencia)

Spare parts & accessories for appliances:
Villanueva y Asociados, S.A. (SOIMEX)
Apartado 30296
Barcelona-21

Sherries, brandies:
A. R. Ruiz Hermanos
Apartado 140
Jerez de la Frontera (Cádiz)

Machinery for the packing industry:
Sr.D. R. Salvador García
Sorsa Industrias de Embalaje, S.A.
General Mola, 49
Moncada y Reixach (Barcelona)

Handbags:
Manufacturas Ely, S.A.
Calle Lluch, 262
Inca-Mallorca

Gift wrappinmg:
La Papelera de Carmen
Apartado de Correos 118
Catarroja (Valencia)

Laboratory equipment:
Montajes Navarra, S.L.
Barrioplano (Navarra)

Mineral water:
Indra-Gems, S.A.
Edificio España, piso 14-A
Grupo i
Plaza de Espana
Madrid

Briquettes for the casting industry, carbide-silicon:
Sr.D. Pedro Huertas
Industrias Polo Congregado S.A.
General Varela, 2
Madrid-20

Used machinery:
Sr.D. José Luis Santos Lago
Primo de Rivera 1 - 4
La Coruña

Construction machinery; metal-working machinery:
Industrias Techno-Flex, S.A.
Santa Teresa, 11
Apartado 43
Rubí (Barcelona)

Metal castings:
Talleres Argote
Apartado de Correos 42
Villafranca de Ordizia
(Guipúzcoa)

Rabbit hides, tanned & dry:
Cepesa
Avda. Generalísimo, 52
Madrid-16

Handicraft products:
Srta. Carmen Blanco Castro
Ceramica Decorativa
Apartado de Correos 43
La Bisbal (Gerona)

THE FRAMEWORK AGREEMENT ON COLLECTIVE BARGAINING (Continued from page 8)

In order to reduce absenteeism, it was agreed that the following steps should be taken:

- The Government shall be compelled to execute the measures necessary to reduce the external circumstances which favor absenteeism, as well as to elaborate the norms necessary to implement such measures.
- The causes leading to absenteeism which relate to the working atmosphere must be reduced. In this respect, the OIT agreements shall be applied.
- The workers' representatives shall be consulted in all decisions concerning technology, work organization and use of raw materials which affect the physical or mental condition of the worker.

The following were agreed to be legitimate causes of absenteeism:

- Marriage; birth of a child; or serious illness or death of relatives up to the second degree, whether blood or law relatives.
- Change of permanent domicile.
- Time required to comply with a duty of a personal or public character; or time required for execution of syndical or representative functions following legal or conventional stipulations.
- Female workers, when breast-feeding a child less than nine months of age.
- Absenses due to hospitalization.
- Absences due to labor accidents.
- Absences caused by the suspension of labor activity in cases of serious risk of accident, when so decreed by the authorities or decided by the owner or manager.
- Maternity leaves.
- Suspension of the labor contract due to causes legally established.

The collective agreements shall reflect the necessity of giving special priority to the problems of absenteeism, and shall have freedom of negotiation in this respect.

Oportunidades Comerciales

PRODUCTOS ESPAÑOLES SOLICITADOS

Tarjetas postales; libros de arte; láminas artísticas; carteles:
Mr. Simon Gaon
American Arts and Crafts Alliance, Inc.
145 West 86 Street, No. 9-C
New York, N.Y. 10024

Herramientas manuales de precisión; componentes electrónicos; pinzas para la industria y para uso doméstico; tijers para la industria y para uso doméstico:
Mr. R. D. Cooley
Intrade, Inc.
P.O. Box 608
Litchfield, Connecticut 06759

Vinos:
Mr. Daniel J. Chriestie
Continental Import & Export Inc.
55 Morris Avenue
Springfield, New Jersey 07081

Baterías de cocina; objetos de vidrio para servicio de mesa; artículos de regalo; muebles; equipos quirúrgicos:
Mr. Elvino Cagnardi
Gensaco Marketing
153 East 43 Street
New York, N.Y. 10017

Confección para señora, caballero y niño:
Miss Joyce Uttan
Joyce Uttan Enroute Interiors
4 Overhill Road
Monsey, New Jersey 10952

Guantes:
Mrs. D. B. Austin
3120 46th Street
Lubbock Texas 79413

Calzado para señora, caballero y niño:
Mr. Joseph A. Covucci
Shoes-for-All, Inc.
4 Rolling Hills Road, Route 2
Sussex, New Jersey 07461

Herramientas manuales:
Mr. William E. Shelton
Cruzco International
230 Park Avenue
New York, N.Y. 10017

Calzado; artículos de piel y cuero; vinos; maquinaria:
Mr. David Hacttenschwiller
American Express International Banking Corporation
American Express Plaza
New York, N.Y. 10004

Azulejos para revestimiento de paredes y pisos:
Ms. Angie Troika
Blue Marble Products, Inc.
170 Broad St., Suite 3
Red Bank, New Jersey 07701

Marcos de madera para cuadros:
Mr. George Muir
Sekar, Inc.
P.O. Box 796
Marshfield, Mass. 02050

Puertas y ventanas de aluminio, de acero y de madera:
Mr. Young T. Kim
Koex Trading Co., Inc.
1600 Broadway, Room 1601
New York, N.Y. 10036

Joyería:
Miss Gloria Barone
229 East Kingsbridge Road
Bronx, New York 10458

Cables para teléfonos:
Mr. O. C. Catan II
234 Fifth Avenue, Suite 301
New York, N.Y. 10001

Fiambres; salchichnas Frankfurt:
Mr. Norman C. Koester
Koester & Co., Inc.
152 Princeton Drive
Hartsdale, New York 10523

Papel Kraft:
Mr. George W. K. King
G.W.K. King Associates
105 Eagle Road
Newtown, RD-2, Pa. 18940

Calzado:
Mr. Tita M. D. Frugal
Frugal & Sons International Agency
B.P. 202, Kumba
South West Provice
United Republic of Cameroon

Pequeños artículos de cuero:
Ms. Marian Lewis
Colton-Lewis, Inc.
225 Fifth Ave., Room 1033
New York, N.Y. 10010

Calzado y bolsos de señora:
Mr. Maurice Laroche
D. & M. Designs Inc.
301 East 63 Street
New York, N.Y. 10021

Neumáticos:
Mr. James E. Coane
Kearney-National Inc.
200 Park Avenue, Suite 4422
New York, N.Y. 10017

Portapapeles y maletines de cuero:
Ms. Marian Lewis
Colton-Lewis, Inc.
225 Fifth Avenue
New York, N.Y. 10010

Artículos de cuero; equipos y accesorios quirúrgicos y farmacéuticos:
Mr. Jack Rooz
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FAIRS AND EXHIBITIONS

SPANISH FAIRS CALENDAR, 1980

FAIR OR EXHIBITION	DATE	CITY	ORGANIZER'S ADDRESS
JANUARY			
Int'l Footwear & Related Industries Fair (FICIA)	8-11	Elda (Alicante)	Apartado 104, Elda (Alicante)
Int'l Home & Decorative Textiles (TEXTILHOGAR)	15-19	Valencia	Apartado 476, Valencia
Nat'l Leather & Luggage Exhibition (IBERPIEL)	16-20	Madrid	Valázquez, 4, Madrid
National Costume Jewelry Fair (SEBIME)	18-26	Mahón (Menorca)	Polígono Industrial Mahón, Apartado 353, Mahón
Int'l Boating & Sports Exhibition	19-27	Barcelona	Avenida de María Cristina, s/n, Barcelona
Winery Equipment & Machinery Show (ENOMAQ)	23-27	Zaragoza	Apartado 108, Zaragoza
FEBRUARY			
National Fashion & Apparel Exhibition	7-10	Barcelona	Avenida de José Antonio, 670
Knitwer Exhibition (MODAPUNTO)	7-10	Barcelona	Avenida de María Cristina, s/n, Barcelona
Exhibition of Machinery for the Apparel Industry	7-10	Barcelona	Avenida de María Cristina, s/n, Barcelona
Teaching Materials & Techniques Fair (DIPA)	16-20	Valencia	Apartado 476, Valencia
International Toy Fair	16-22	Valencia	Apartado 476, Valencia
Public Works & Construction Mach'y (SMOPYC)	20-24	Zaragoza	Apartado 108, Zaragoza
MARCH			
International Nutrition Fair (ALIMENTARIA)	8-14	Barcelona	Avenida de María Cristina, s/n, Barcelona
International Shoe Fair (FICIA)	10-13	Elda	Apartado 104, Elda (Alicante)
Spanish Machine Tool Exhibition	20-27	Bilbao	Apartado 468, Bilbao
Int'l Agricultural Machinery Tech'l Fair (FIMA)	22-30	Zaragoza	Apartado 108, Zaragoza
Ceramics, Glassware & Decorative Arts Fair	23-30	Valencia	Apartado 476, Valencia
APRIL			
National Electrification Exhibition	9-11	Madrid	Conde de Xiquena, 4, Madrid
International Metal Arts Fair	12-19	Valencia	Apartado 476, Valencia
Int'l Elevation & Transport Mach'y Fair (EXMA)	14-20	Bilbao	Apartado 468, Bilbao
Iberoamerican Samples Fair	21-May 1	Seville	Apartado 8016, Seville
Int'l Automobile Show (EXPOMOVIL)	26-May 2	Barcelona	Avenida de María Cristina, s/n, Barcelona
MAY			
International Samples Fair	3-11	Valencia	Apartado 476, Valencia
AMBIENTE	5-10	Bilbao	Apartado 468, Bilbao
National Aluminum Fair (EXPAL)	13-20	Valladolid	Apartado 423, Valladolid
Province of Tarragona Samples Fair	16-25	Reus (Tarragona)	Plaza de España, 1, Ayuntamiento de Reus, Reus
National Naval Industries Fair	20-26	El Ferrol (La Coruña)	Apartado 201, El Ferrol (La Coruña)
JUNE			
International Fair of Barcelona	3-11	Barcelona	Avenida de María Cristina, s/n, Barcelona
Int'l Footwear & Related Industries Fair (FICIA)	9-12	Elda	Apartado 104, Elda (Alicante)
JULY			
Regional Agricultural & Samples Fair of Manzanares	16-23	Manzanares	Comisaria de la Feria Regional del Campo, Manzanares (Ciudad Real)
Northwestern Samples Fair	19-30	El Ferrol	Apartado 201, El Ferrol (La Coruña)
AUGUST			
National Samples Fair of Asturias	2-17	Gijón	Instituto, 17, Gijón (Asturias)
SEPTEMBER			
International Shoe Fair (FICIA)	9-12	Elda	Apartado 104, Elda (Alicante)
National Samples Fair of Castilla & León	9-21	Valladolid	Apartado 423, Valladolid
Int'l Apparel & Children's Wear Fair (FIMODA)	11-14	Valencia	Apartado 476, Valencia
National Costume Jewelry Fair (SEBIME)	19-27	Mahón	Apartado 353, Mahón, (Menorca)
San Miguel Agricultural & Fruit Fair	21-28	Lérida	Apartado 106, Lérida
Int'l Image, Sound & Electronics Fair (SONIMAG)	27-Oct. 5	Barcelona	Avenida de María Cristina, s/n, Barcelona
OCTOBER			
Hardware, Hand Tools & Fasteners (FERROFORMA)	2-5	Bilbao	Apartado 468, Bilbao
National Samples Fair of Zaragoza (FONM)	9-19	Zaragoza	Apartado 108, Zaragoza
International Furniture Fair	13-19	Valencia	Apartado 210, Valencia
NOVEMBER			
Spanish Fair of the Atlantic	1-9	Las Palmas de Gran Canaria	Apartado 50, Las Palmas de Gran Canaria
Nat'l Hog Breeding Exposition (INCOPORC)	3-7	Lérida	Apartado 106, Lérida
Spanish Flower Show (IBERFLORA)	5-9	Valencia	Apartado 13, Valencia
Int'l Office Equipment & Information Fair (SIMO)	14-21	Madrid	Plaza del Conde del Valle de Suchil, 8, Madrid
Nat'l Home, Decoration & Catering Exhibition & Int'l Hotel Equip't Exhibition (HOGAROTEL)	15-22	Barcelona	Avenida de María Cristina, s/n, Barcelona
International Woodworking Machinery Fair	17-23	Valencia	Apartado 476, Valencia
DECEMBER			
Int'l Footwear & Related Industries Fair (FICIA)	13-16	Elda	Apartado 104, Elda (Alicante)

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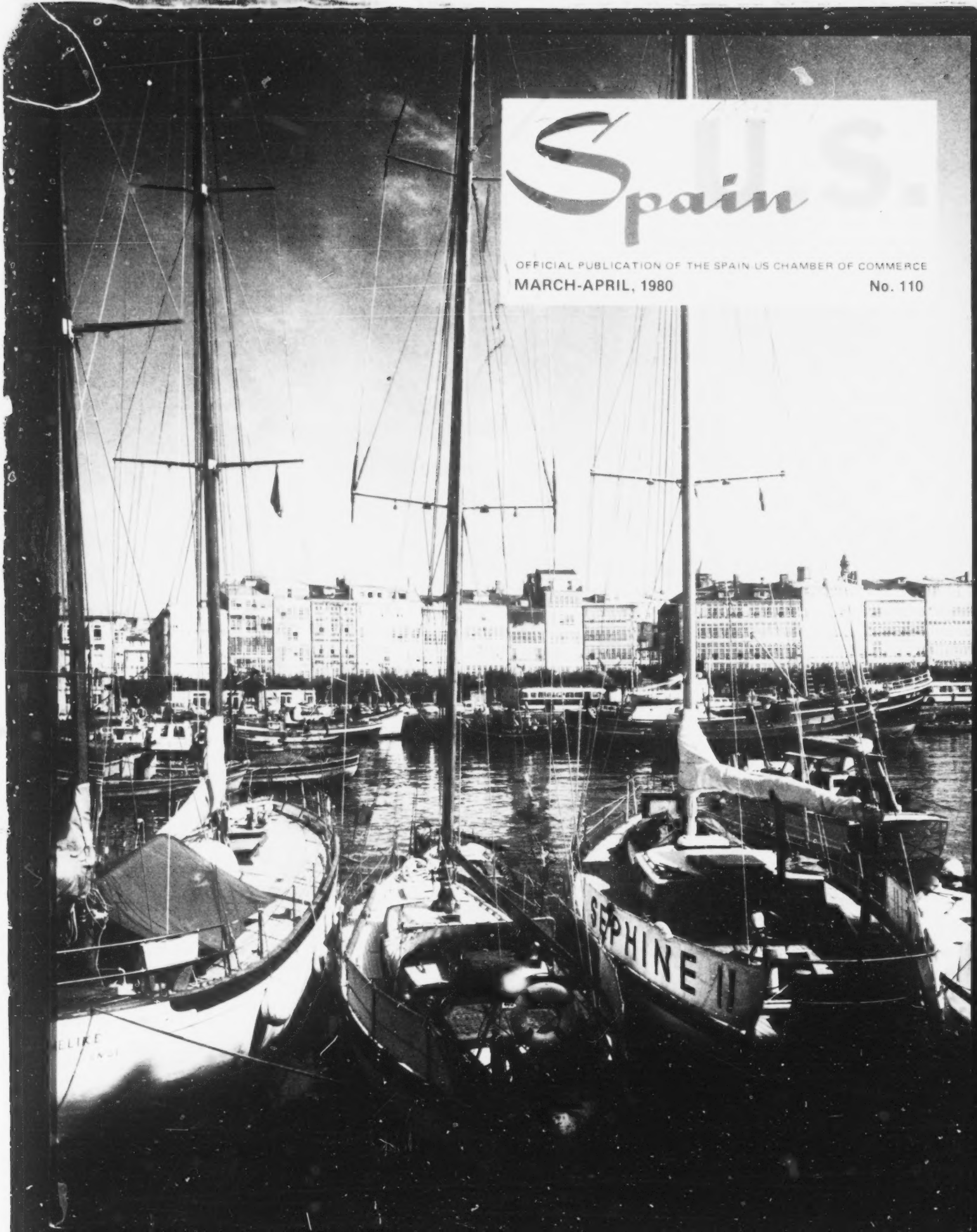
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MARCH-APRIL, 1980
No. 110
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Christopher Columbus Statue,
Barcelona Harbor

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Spain—U.S. Trade Bulletin

MARCH-APRIL, 1980 No. 110

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Executive Editor:
Mariano Baguena

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Luis Tamayo

COVER: Galicia's primary industry is typified by these fishing boats in the busy harbor of La Coruna. See "Fish Canning in Galicia," page 17.

By RAFAEL BERMEJO
President, Instituto de Credito Oficial

The Role of ICO and the Outlook for the Spanish Economy

After outlining ICO's importance in financing capital investment projects in Spain, Rafael Bermejo carefully analyzed the current state of the Spanish economy in his address to a Chamber luncheon in his honor at the St. Regis on February 28th.

I will try to outline two subjects which might be of interest to you. In the first place, I would like to summarize the main characteristics and role of the institution which I represent, Instituto de Credito Oficial, and in the second place, as most of you are in relation with our country, I will try to explain the main facts and figures of the Spanish economy and the prospects for 1980.

ICO is a public agency of the Spanish State, dependent from the Ministry of Economy, and its main objective is to extend medium- and long-term loans to selected areas of the Spanish economy, following guidelines set for us by the Government. We do this through six state-owned institutions which are funded and supervised by ICO. These institutions are specialized in different sectors—agriculture, housing, industrial, etc.

Also, we advance funds to Banco Exterior de Espana in order to finance partially the export credit. Finally, we act as financial agent for the Spanish Government in the Development Aid Fund, which extends loans to certain developing countries.

As a public agency, ICO's obligations are, by law, general obligations of the Spanish State.

The main source of our funds consists of advances from the Treasury. Nevertheless, in the last few years we have developed new sources of funds, and in 1979 we have raised about 38 per cent of our total resources outside the Treasury by issuing bonds and other fixed-rate instruments in the domestic market and by borrowing in the international financial markets.

Foreign financing therefore plays an important role in our programs. Up until now we have obtained all of our external funds in the Eurodollar market, but in the future we intend to diversify our sources of funds in terms of credit instruments and markets.

At the end of 1979, our outstanding external debt was about $1.3 billion, mostly in long-term loans.

In order to give you an idea of the volume of our loan portfolio and its distribution among the different sectors of our economy, at the end of 1979 the oustanding balance of official loans amounted to about US$19.1 billion.

Rafael Bermejo (center) with Chamber President Felipe Propper de Callejon and Ricardo Cortes, Commercial Counselor of the Embassy of Spain in Washington.

This amount is distributed as follows: Almost 80% to the private sector and 20% extended to the municipalities.

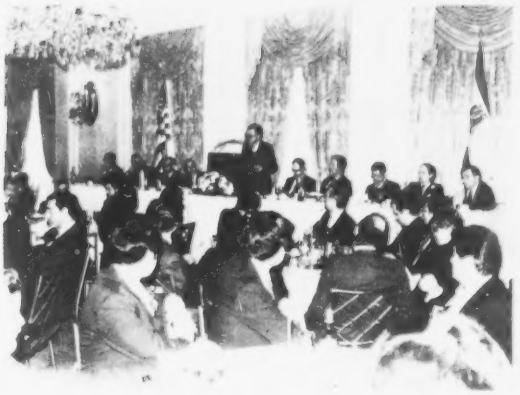
These last figures show that our official credit is mostly assigned to the private sector of our economy. The sub-sectors provided with official funds were: Industry (25%); housing (22%) export (16%); shipping and fishing (14%); and agriculture (14%). Other loans (9%) granted include sub-sectors such as construction and mortgage loans.

It is important to mention, regarding the amount of official credit extended to the private sector of the economy, that this figure is growing faster than is the credit extended by other institutions in the financial system (banks and savings institutions).

These different rates of growth between the private and public banks have led to an increase in the market share of the official credit from 10.9% in 1978 to 11.3% in 1979.

The importance of the Official Credit within our financial and economic system should not be measured only in terms of market sharing, but the fact should be taken into account, above all, that it consists of long-term loans, and with the exception of the export credits they

Chamber President Propper introduces Rafael Bermejo



Money and credit are commodities which every nation seeks to manage by means of both public and private financial institutions. Rarely do two nations have a comparable banking and credit-extension system, and Spain is no exception. Experience would suggest that the Spanish banking and financial structure has served the country well, as it has provided Spain with the necessary capital to enable her to become the tenth industrial nation of the world in less than forty years. It has shown a remarkable ability to adjust from an era of political isolationism and economic protectionism to an open, free and competitive economy.

This achievement is much to the credit of both Spain's commercial bankers and the able civil servants who head the State's leading financial institutions. We are confident that Spain will continue to adapt to the changing economic times of this new decade – which no doubt will usher in a new period of industrial growth, sparked by massive foreign investments. The recently-established foreign banks will undoubtedly infuse the Spanish financial markets with new life and new methods, which should benefit both the public and private sectors.

One of the most important institutions of the public sector is the Instituto de Credito Oficial, or ICO, which has played and will continue to play an important role in the development of the Spanish economy. ICO is not a bank, but rather a public Government-controlled agency, whose central purpose is to promote economic development by channeling medium- and long-term funds to selected areas of the Spanish economy.

ICO finances and supervises the activities of several specialized Government-accredited institutions, known as "Entidades Oficiales de Crédito," such as Banco de Crédito Agricola, Banco de Crédito a la Construcción, Banco Hipotecario de España, Banco de Crédito Local, and Banco de Crédito Industrial. ICO also finances export transactions, in conjunction with Banco Exterior, and acts as an agent of the State in direct government-to-government loans.

ICO operates independently as a public agency, under the direct supervision of the Ministry of Economy. The Government sets policy guidelines, establishes the broad sectorial distribution of resources, and authorizes the financing requirements of both ICO and the previously-mentioned banks. The Government also fixes interst rates on the borrowing and lending operations of these institutions.

ICO operates through a General Council, headed by a Chairman appointed by the Council of Ministers, after approval by the Cabinet.

We are fortunate to have as our guest of honor today the current Chairman, Mr. Rafael Bermejo, who was appointed to his present responsibility in October 1978.

Born in Madrid in 1940, Mr. Bermejo graduated from Madrid University with a degree in Civil Engineering. After completing advanced economic studies at Madrid University, he spent some time in Paris at the French Treasury, where he specialized in economic analysis. Until 1970, he worked in Madrid as a private consultant, doing project evaluations for both the public and private sectors. From 1971 to 1976 he was a member of the Investment Department of Banco Popular.

Mr. Bermejo once again became an independent consultant for the two following years, and shortly before assuming his current duties he was named a General Director of the Ministry of Economy. He has lectured on economic matters in many universities in Spain and in this country.

"The liberalization of the economy will continue; administrative controls will be removed."

are used to finance capital investment projects developed by Spanish- or foreign-owned companies.

I would like to end my explanation about ICO by stating that our credits cover a very important part of our financial system, the medium- and long-term credit financing, which up until now no other institutions, with the exception to some extent of the savings banks, have covered.

In outlining the current situation of our economy, it could be useful to start by mentioning some facts from the past:

In June 1977 the first general elections after 41 years took place. The condition of the Spanish economy at that moment was really bad. Let me point out just two aspects:

- First, inflation was approaching 30% after several years of wage increases indexed to the cost of living, as well as labor permissiveness.
- Second, the balance of payments was in deficit for its fourth consecutive year after the first energy crisis in 1973, since the economic policy had ignored the new oil bill. The current external deficit in 1976 was about $4 billion, and in the first half of 1977 the situation was worsening rapidly.

Faced with this situation, the new Government set up a stabilization program designed to halt the growth of the inflation rate and the unbalances in our external accounts. The measures taken included wage restraint—setting the maximum wage increase for 1978 at 22%, about six percentage points below the inflation rate at that moment; tight monetary policy; and the depreciation of the peseta by about 20% vs. the U.S. dollar.

This program required considerable negotiation with the opposition parties and the unions, especially on wage guidelines, and an agreement was finally arrived at, known as the Moncloa Pact, which was approved by Congress. This program achieved considerable success. In the following year, 1978, the balance of payments turned into a surplus; the current balance was $1.6 billion, international reserves increasing rapidly to about $10 billion. The rate of inflation was reduced by about ten percentage points.

This rapid adjustment was achieved at a considerable cost, both in terms of activity and unemployment. The GDP (Gross Domestic Product) grew about 2.5 percentage points in real terms, and unemployment rose two points to about 8%. Fixed investment declined about four percentage points.

During 1979 economic policy continued in the same direction. Wage ceilings were set at 14%, and a tight monetary policy was established. In June 1979, following the increase of oil prices, the Spanish authorities immediately raised domestic energy prices in order to

reduce oil consumption. The increase in consumer prices in 1979 was 15.6%, about one point below inflation in 1978. In this figure, about 2.5 points correspond to the increase in energy prices.

Exports continued to grow rapidly, showing an estimated increase of 11% in volume in spite of an important appreciation of the peseta. The current account in 1979 showed a surplus of $1.7 billion, about the same as in the previous year. The basic balance had a surplus of about $3.5 billion, which resulted in a further increase in our foreign reserves up to $14 billion at the end of 1979.

Economic activity remained at a low level in 1979. The GDP rew by 1.5%, with consumption growing at about the same rate and with a considerable contribution from exports. One point of interest was that for the first time since 1974 capital formation grew, in real terms. The reasons are probably the recovery in profit margins, which had been deeply depressed; and the approval by Congress of the new Workers' Statute, which will allow more flexibility in our industrial relations. At the end of the year unemployment reached 9.5% of our work force.

Now I would like to mention the basic lines of policy foreseen for this year. The main objective of the economic policy for 1980 will be to promote economic growth and employment, without a deterioration in the positive results achieved with regard to inflation and the balance of payments during the previous years. Furthermore, the liberalization of the economy will continue; administrative controls will be removed, allowing market forces to play a larger role in the assignment of resources.

Fixed capital formation has been at a very low level since 1975. The figures for 1979 show a certain recovery, which might be confirmed in 1980. Among the reasons for this change can be considered the gain in profit margins after several years of decreasing rates, and the reforms in labor relations legislation (Estatuto de los Trabajadores).

The approval by Congress of the Energy Plan, which contemplates a very ambitious program of investments in oil substitutes as well as certain major industrial projects now in preparation, indicates a better prospect for investments in the near future.

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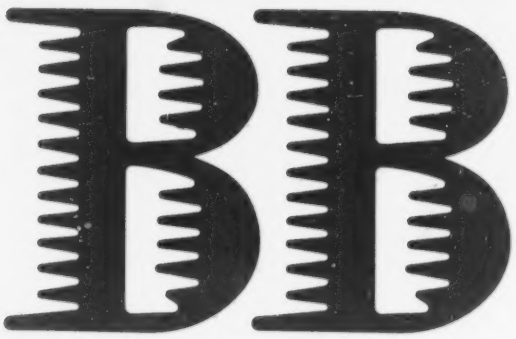

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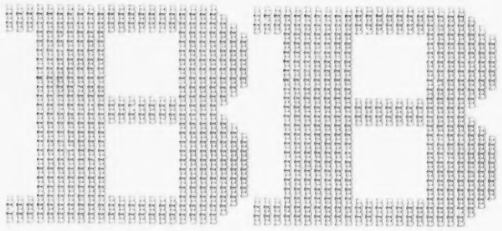

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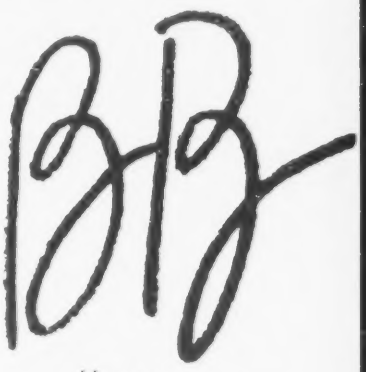

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"The problems we now face will not be solved with more protectionism and more bureaucracy, but with more competitiveness and more responsibility."

The wages policy has experienced considerable change. Since the 'sixties wages have been growing at a faster pace than prices, and most of the collective bargaining agreements set wage increases to equal the growth in the cost of living plus one or several percentage points. This mechanism tended to perpetuate inflation.

The Moncloa Pact, in the autumn of 1977, finished this system, setting a ceiling for wage increase that was not connected to the rate of inflation in the preceding period. With inflation running at almost 30% on an annual basis, the maximum wage increase was set at 22%.

In 1979 the Government established a minimum of 11% and a maximum of 14% increase for the private sector, and 12.5% for the public sector. Finally, for 1980 the Employers Association and the second largest union concluded an agreement which set a minimum of 13% and a maximum of 16%. This point is extremely important, as wage guidelines were fixed by the Governmen. up until that moment, and this agreement is a good proof of the increasing reponsibilities of our social partners. Furthermore, this agreement has been signed with the blessing of the Government and the main opposition force, the Socialist Party. From a political point of view, it is interesting to emphasize the growing sense of moderation shown by the Socialists and their independence vis-a-vis the Communist-led union.

There is another important point to be considered regarding this nationwide agreement, the first we have had in the history of our labor relations: Future energy price increases will not be taken into account in any future wage rise. So we will continue to adjust to the new energy situation withouting adding inflation.

As a part of the stabilization program, a tight monetary policy was designed, with a target growth for the M-3 (money supply) of about 17% in 1978 and in 1979. This figure led to an important credit squeeze, especially in 1978, as the strong surplus in the balance of payments forced the central bank to reduce the banks' liquidity in order to meet the monetary targets.

The forecast for 1980 is that monetary policy will be easier, as the external sector will not produce a contractive effect in the money supply. The target for M-2 has been set at 18.5%, and this rate will give more room for credit expansion than in the preceding years.

The fiscal policy has experienced considerable change in the last three years, with the reform of the tax system leading to a strong increase in fiscal revenues. The Spanish public sector is relatively small, accounting for about 30% of the total GDP; this includes the central government, social security, and the municipalities. The aim of our Government is to put the emphasis on the efficiency of the public sector, not its size; and a certain number of measures have been taken to improve public activities, mainly in the social security system. The budget deficit for 1980 will be similar to that of 1978 and 1979, and is estimated to reach 2.5% of the total GDP.

After the depreciation of the peseta in July 1977, a dramatic improvement of our trade balance and strong capital inflows increased our international reserves to $14 billion. It is worth mentioning that the gold tranche is valued at the historical cost of $42 per ounce.

This favorable external position allowed further liberalization of imports and Spanish investments abroad. For the same reasons, a sizeable amount of public external debt—about $2 billion—was prepaid.

For 1980 we foresee a small deficit in current account of about one percentage point of the GDP. That would be consistent with the good position of our external accounts, and could be financed with capital inflows, expected to be considerable, and some additional borrowings in the international market. The international reserves would increase by about $1 billion.

Our external debt was $16 billion at the end of 1979, slightly higher than our international reserves, and the debt service is now 12% of our international exports of goods and services.

Given the balance of payments prospects for 1980, a major change in the exchange rate of the peseta would be highly unlikely.

Finally, I'd like to say something about our medium term economic issues.

One of the main points is entry into the EEC. Spain will become a full member of the European Community by 1983. This is a real challenge for our economy, as we'll have to adjust ourselves quickly to the new realities and increase our competitiveness vis-a-vis our main trading partners.

Equally important will be our adjustment to the new energy realities, as Spain is dependent on imported energy for about 60% of its total primary needs. The Congress has approved an energy program which is aimed at substantially reducing our energy imports. About $10 billion will be invested in the period 1980-'84 in new nuclear, hydroelectric and coal power plants.

Finally, we consider that a broader role for the marketplace is essential for our economy. We are cautiously trying to deregulate our economy, which has been and still is plagued with controls. The institution which I represent is a case in point. Up to 1977 our funding came from the Treasury, essentially, and now we are rapidly increasing the funds raised in the various markets.

The problems we now face will not be solved with more protectionism and more bureaucracy, but with more competitiveness and more responsibility. We are sure that in spite of the present difficult environment, the Spanish economy has an important potential for stable and sound economic growth. □

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March 19, 1980

Foreign Companies Raise Stake in Spain Despite Woes Spooking Native Investors

By ALAN L. OTTEN
Staff Reporter of The Wall Street Journal

MADRID— "Spanish investors are concentrating on terrorism and inflation and all our other problems, and so they hold back," says Antonio Garrigues Walker, an attorney with multinational and Spanish clients. "Foreign investors know our problems as well as we do but evaluate them with more balance and perspective. They compare Spain's problems with problems in other countries, and then Spain doesn't look so bad."

Talk with a dozen other government officials, business executives and bankers about the Spanish economy, and this same seeming paradox is quickly mentioned: Foreign companies are steadily increasing their stake in Spain, while native entrepreneurs keep their money under the mattress. The explanation is usually the same as Mr. Garrigues Walker's, too: the Spaniards look back to the good old protected days under Gen. Francisco Franco, while the foreigners look around and ahead.

"The foreigners think we have more future, more market and growth potential," says José R. A. Rendueles, the economist who is governor of the Bank of Spain.

Carlos Ferrer, head of the Spanish Employers Association, says: "Multinational companies first compare Spain to the under-developed countries, where the political and social uncertainties are even greater, and where there is difficulty in getting skilled labor and managers. Then they compare it to the superdeveloped countries, where costs are higher and native competition much more intense. And Spain looks very good to them."

SUBSTANTIAL INCREASE

Certainly substantial foreign investment is entering Spain. While domestic investment fell steadily for five years until last year, when substantial inventory buildups finally brought a small increase, foreign investment has been rising sharply. From $358 million in 1977, it rose to $1.2 billion last year and will be much more than $1.5 billion this year.

General Motors Corp. is just starting work on a huge engine plant near Zaragoza, part of a $1.75 billion investment program in Spain over several years. Nissan Motor Co. of Japan has bought into Motor Iberica, a major manufacturer of farm machinery and light trucks. International Harvester Co. has agreed to take a 35% interest in Enasa, Spain's major truck producer.

Fiat S.p.A. of Italy is substantially increasing its holdings in Sociedad Española de Automoviles de Turismo, to take control of the country's major auto manufacturer. Dow Chemical Co. is well along toward expanding its Spanish operations. A French supermarket chain is busily building shopping centers across Spain, and a dozen other French, Japanese, West German and U.S. companies are asking about investment opportunities.

As the Spanish comments indicate, the divergence between foreign and domestic perspectives isn't that hard to understand. Under the Franco dictatorship, Spanish entrepreneurs and investors lived in what one official calls "an investor's paradise:" a tightly protected market, with little foreign competition, low interest rates, and without unions. In the 1960s and early 1970s, as Spain emerged from isolation, high consumer demand and rising exports created a tremendous, highly profitable boom.

Now things are very different. Rising oil prices have hit the Spanish economy hard, and a recession has been under way since late 1976. Growth this year is likely to be much less than last year's 1.5% to 2%. Inflation, around 15.6% last year, will be about the same this year. Borrowing costs are 18% and higher.

Hundreds of companies have gone bankrupt. Unemployment, rising steadily since early 1977, hit 10.1% of the work force at the end of 1979 and will go considerably higher this year.

In addition to all the economic problems, there is great political uncertainty, as the government is forced to grant more autonomy to regional and local governments, and as rising street crime and terrorism fuel fears of a right-wing military coup in reaction.

CHANGED ALL RULES AT ONCE

"We have changed all the rules of the game at once," Economics Minister José Luis Leal explains. "We have moved from a dictatorship to a democracy, from a protected economy to a more competitive one, from a highly centralized government to a more regional autonomy, from no unions to unions. It is natural that would create deep uncertainty."

But foreign companies see a more positive side. Although terrorism continues and the political future remains cloudy, the country has thus far made the political transition in relatively good shape. Spain's 37 million people are the largest European market still outside the Common Market. It has long-established economic and cultural ties with Latin America and North Africa. It is negotiating to enter the Common Market in a few years, so it can provide Harvester, Nissan and other companies a bridge into the market.

Inflation, although high, has actually been reduced from a 1977 rate of 26.5%, while prices are rising steadily in the rest of the West. The government has finally adopted a 10-year energy plan, with heavy reliance on nuclear power. A relatively skilled labor

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Emanuele Costa *(left), Vice-President, Costa Line and Managing Director, Saudi National Lines inspects loading of MV KUDU in New York harbor with* ***Capt. Catello Cimmino*** *and* ***William F. Burns*** *(right), Vice President, Traffic*

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By ANTONIO GUTIERREZ
J. & A. Garrigues

Spain's Workers' Statute

The Workers' Statute is notable for some important omissions and for reducing the role of the labor authorities in labor relations, as well as for further restricting the autonomy and decision-making powers of the employer in the management and organization of the company.

The Workers' Statute, which has been in force since March 15th, was a hotly debated law, even from the time when it was still at the drafting stage. After a very lengthy passage through Parliament, it was finally brought in thanks to the consensus between the ruling party and the chief opposition party, the Socialists (PSOE). The consensus, in which the leading Spanish employers' association (CEOE) and the Socialist union, UGT, participated, crystalized into a law which, besides omitting such important labor matters as strike collective conflict regulations has not satisfied either of the principal parties to the labor relationship; and in the final analysis it is a law which partakes much more of the nature of a compilation of earlier legislation than of innovation.

On the presumption of some knowledge of earlier labor legislation on the part of the reader, we will now enumerate what we consider the main new points of the Statute, following the same numbering as its articles as far as possible.

I. As regards what is called "the individual labor relationship," the leading changes and innovations are the following:

A. Application of Spanish labor legislation, as a minimum, to Spanish workers hired in Spain by Spanish companies abroad.

B. The concession of majority, for labor purposes, to persons over the age of sixteen years who live independently with the permission of their parents or guardians.

C. New types of employment contract: Thus, a so-called part-time contrct is instituted, whereby the worker is hired for a certain number of days per year, month or week, or for a certain number of hours—less, respectively, than two-thirds of those considered usual in the work concerned. Under this type of contract, Social Security contributions are to be made on the basis of the number of hours or days actually worked. However, although this type of contract is a real innovation, it is restricted for the time being by the Interim Provisions of the Statute to the hiring of those under 25 years of age or workers who, irrespective of age, are on unemployment relief but whose period of relief has expired and who are still unemployed.

Another type of contract, similar to an apprenticeship contract, is for "practice or training work," which is restricted to workers who, in the two years immediately preceding, possess some recognized labor, professional or academic qualification. This type of contract may not last more than twelve months.

D. The following points are noteworthy with respect to individual contracts:

a) Inclusion of contributing to increased productivity as a basic duty of workers.

b) The employer's power to verify, through medical staff, the condition of a worker claiming illness or accident and to penalize the worker's refusal to undergo such verification by suspension of any sums payable by the employer in such situations.

c) Nullity of a covenant contrary to workers' meeting the tax burdens and Social Security contributions payable by them. Such covenants used to be very common.

d) Reduction of weekly working hours to 43 hours on the split-working-day plan and to 42 on the continuous plan.

e) As regards overtime, the wage surcharge for it is increased to 75%, and only two hours of overtime per day, fifteen per month, and one hundred per year are allowed; it is permitted for the company and the worker to agree that the latter is obliged to do overtime, within the daily, monthly and annual limits just ment oned.

f) The option granted the Government to move to Mondays all public holidays except Christmas Day, New Year's Day and the First of May (Labor Day).

g) Interest on delayed wage payments is specified at 10%.

h) Longer paid vacations for workers over sixty years of age; like those under eighteen, they will have one month per year.

i) Mandatory retirement, generally at age sixty-nine.

E. With regard to changes in working conditions, the Statute makes it unnecessary to have the permission of the labor authorities to make them, provided that the employer reaches an agreement on them with the union representatives of the workers concerned.

F. Besides the existing causes for suspension of labor relations, arrest of a worker, so long as there is no

[The law] has not satisfied either of the principal parties to the labor relationship; and in the final analysis it partakes much more of the nature of a compilation of earlier legislation than of innovation."

sentence against him, becomes an additional cause.

G. Finally, the following points as regards extinguishment of individual labor relationships:

a) In the event of extinguishment from economic (crisis), technological or force majeure causes, a 30-day period of reports to and consultations with the workers is required after submission of the application asking for temporary or partial or total closure of the company. Also, the documents submitted with the application must, in most cases, be endorsed by a certified auditor.

b) In the case of extinguishment of labor relations because of the liquidation and winding-up of a company, an employment regulation application and, accordingly, the permission of the labor authorities, is also necessary.

c) Dismissal "for objective causes," is confined to elimination of a given job (something which existed in earlier legislation) in companies with fewer than fifty workers. As regards the possibility of dismissal for absenteeism, even in justified cases, the existing percentages have been changed and the justification for dismissal is linked to the absentee level of all workers. Compensation for objective causes is also raised from seven days' wages to twenty days' wages per year of service.

d) There are several important innovations in cases of disciplinary dismissal:

• Except in the event of dismissal of union representatives, there is a set compensation for cases where the dismissal is found to be unjustified, rather than leaving the amount to the discretion of the Labor Magistrates, within certain minimum and maximum limits, as was the case previously. The compensation is 45 days' wages per year of service (up to a maximum of 42 months) for companies with over 25 workers. It is reduced by 20% for companies employing fewer than 25 workers. Naturally, in cases of unjustified dismissal, the employer can always choose, within five days of notice of the decision in the case, between re-employing the worker concerned and paying the said compensation, but if he fails to choose it will be deemed that the worker is to be re-employed.

• In the case of unjustified dismissals, wages for the time running from actual dismissal to that of the court case which are payable by the employer are limited to two months, the rest, if any, payable by the State.

• In the case of null and void dismissal, the employer is to be ordered and has no option but to re-employ the worker. Furthermore, not only are dismissals made without meeting the requirements of the law to be deemed void, but also those where, though such requirements have been met, the dismissals are not declared warranted by the labor courts when the worker's contract has been suspended owing to sickness or any other reason.

• As regards formalities, generally speaking, in addition to the letter of dismissal, there is an obligation to notify the union representatives, and in the case of dismissal of these representatives themselves, there is a return to the contested proceedings which existed under the previous system, with a hearing of the representative concerned and of the others as well.

• Apart from special formalities, union representatives are still guaranteed, in the event of unjustified dismissal, the choice between re-employment and the compensation always available to any worker.

II. The principal innovation and changes regarding the rights of collective representation and assembly of workers in the company (Title II) are as follows:

a) The possibility of "intercenter" Company Committees.

b) Acknowledgement of the union representatives of the workers within the company as their legal representatives before governmental and judicial bodies.

c) Amplification of the capacities of such representatives, although only to simple levels of reporting and monitoring; in the area of work safety and hygiene, however, the workers' representatives may decide on a full halt of company operations if they consider the risk of accident to be immediate.

d) As regards guarantees, besides the contested proceedings mentioned above which are required before penalty or dismissal, it is noteworthy that the time they are entitled to use to carry out their duties may be devolved on one or more persons. This paid time has been reduced on a monthly reckoning, with the Statute providing for between fifteen and forty hours per month, according to the number of workers at the company.

e) The greatest innovation regarding the right to meet on company premises is that persons from outside the company may attend such meetings.

III. The following points regarding the negotiation of collective agreements (Title III) are noteworthy:

a) The bargaining units are to be the Company Committee or the Personnel Delegates in company-level agreements, and the employers' and workers' associations in higher-level agreements, provided that such unions can evidence their having at least 10% of the representatives of the workers or employers affected by the agreement.

b) General interpretation of collective agreements is to be vested in the labor courts rather than in the governmental labor authorities.

c) The authorities virtually disappear from the scene in the negotiations and approval of collective agreements with the disappearance of the concept of the "mandatory

CONTINUED ON PAGE 14

NOTES FOR YOUR VACATION IN SPAIN

Silver Threads Among the Gold

Literally thousands of work-years are represented by the contents of the Tapestry Museum at the Royal Palace of La Granja, on highway N-601 just north of Madrid. The collection of priceless Flemish masterpieces was a result of the 16th century habit of paying tribute to the Spanish kings with tapestries rather than with money.

Silver and gold thread are the predominant materials used in the weaves, giving a richness of tone and color that is truly amazing in view of the age of the works. The Palace of La Granja was chosen as the perfect site for their display because of the dry, dust-free climate of the lower reaches of the Guadarrama Mountains. The Palace and Museum are open from 9:30 AM to 1:30 PM and 4:00 to 6:00 PM. The entrance fee is 100 pesetas, or $1.50. It is at this palace that the throne used for the coronation of Juan Carlos I, the present King of Spain, is on display.

Almagro Gets a Parador

On the vast plain known as La Mancha, steeped in the lore of Don Quixote, lies the town of Almagro, which gained importance from being the seat of the Masters of the Order of Calatrava. Despite its beautiful central plaza and 13th century theater (the Corral de la Comedia, the last of its kind in Spain) Almagro lacked that essential ingredient required to make it a major tourist attraction—a quality hotel.

Now that has all changed, with the opening last September of the Parador de Almagro, the newest in the hotel chain operated by the Spanish government. Queen Sofia of Spain inaugurated the 55-room, four-star hotel, installed in the 16th century convent of San Francisco, which was donated by the municipal authorities of the city. It is the province's first deluxe hotel, with prices in the $40 range for doubles. The hotel has a swimming pool, meeting rooms, a restaurant, and a typical Manchegan "bodega" among its many facilities.

How the Other Half Lives

Even if you're not a blue blood, take the bull by the horns and invite yourself to the family home of the Dukes of Alba in Madrid. Free tours of the Palacio de Liria, which contains the private art collection of Europe's most titled family, are offered to those who plan ahead. In addition to works by Goya, Rubens and Titian, the palace houses furniture of Empress Eugenia of France, the outstanding snuff bottle collection of the present Duchess, and documents of Columbus, Ferdinand and Isabella. Don't be surprised to see George V of England and other assorted monarchs staring from the nooks and crannies where their photographs are placed. To request permission to tour the palace, direct your letter to: Mr. Munoz, Palacio de Liria, Princesa 20, Madrid, Spain. Be sure to indicate the number in the party and the days of stay in Madrid. Allow at least six weeks for written approval to be received.

In the Casino de Perelada, You Can't Lose!

Of all of Spain's seventeen casinos, the Casino Castillo de Perelada, just outside of Gerona, makes even losing a good gamble. It's not just that Perelada is a 17th century castle, or that it is surrounded by gardens and a small lake, but the casino is a museum in all but name. It houses an important collection of paintings, sculpture, ceramics and furniture, in addition to one of the foremost collections of glass and crystal on the continent.

The Grand Hall of the casino was built expressly to the measurements of a one-of-a-kind collection of Flemish tapestries—six in all—depicting the Aeneid in lavish baroque style. Overhead are inlaid wooden ceilings of the 15th century Mudejar style.

If you can keep your eyes from wandering, you might try a little roulette, blackjack, bacarrat or chemin de fer. The casino is open from 7 PM to 4 AM, with an entrance fee of 400 pesetas (about $6.50).

The Village Where the Clock Stood Still

It used to be that you could step out to the edge of Madrid and see flocks of sheep grazing on the Castilian plain. Now suburbs surround the city, the signs of an advancing industrial society. But less than 35 miles from the hustle of Madrid, those signs disappear and you find the forgotten village of Chinchon, where the clock has been at a standstill. Head east on highway N-III towards Valencia and turn south at the crossroads in Arganda, 17 miles outside of Madrid. This secondary road winds through the folds of the plain another 14 miles before a line of poplars announces the approaches of the town of Chinchon.

The unique thing bout Chinchon is not her castles but the town itself. Set on a hill, Chinchon is the archetypical medieval Castilian settlement. The tortuous back streets disappear upwards from the central plaza, one of the most photographed in Spain. The whitewashed buildings, with

THE VILLAGE WHERE THE CLOCK STOOD STILL

roofs of sun-dried tiles, are reminiscent of the white villages of Andalucia. But the two- and three-tiered wooden balconies leave no doubt that this is Castile.

The focal point of activity is the central plaza, which is converted into a bullring during the summer months. It is an eye-opener to drive into the bullring and park along the "barreras" or walls of the irregularly shaped, removable rings. During fairs, such as the Fiesta de Nuestra Senora del Rosario, celebrated on September 17th, the balconies overlooking the plaza are crowded with townspeople.

Goya's brother Camilo was once the priest of the local parish church, which rises above the central plaza. It was he who helped convince Goya that he should paint the marvelous fresco, "La Asuncion," which graces the altar. The original church was destroyed in 1809, when Napoleon sacked the town. The bell tower of that church still remains, which explains why the present church has none. Chinchon is known as the town of the towerless church and the churchless tower.

The Spanish government is building a "hosteria," or country restaurant in Chinchon, but it will have tough competition from the local "mesones" (pubs). The "Gran Meson de Chinchon" and the "Castillo de Chinchon" are two of the finest. Be sure to ask to see the wine cellars, lined with vats of fermenting wines. For food, try "perdiz" (partridge) or "codoniz" (quail), both specialties of the area. With a local wine, these game birds make a delightful fare. Polish off any meal with the local brand of anis, a heart-warming after-dinner drink claimed to aid digestion. The production of anis is the main business of the town today.

Celebrate C.U.N.E. Centenniel

C.U.N.E. (Compañia Vinicola del Norte de España), the famed Rioja wine firm, celebrated its 100th anniversary with a dinner for New York wine writers at the Tres Carabelas Restaurant on February 5th. Twelve venerable Rioja wines were tasted, vintages ranging from 1976 back to C.U.N.E.'s Viña Real, Reserva Especial, of 1950. Above are hosts Mr. and Mrs. Victor Urritia, Mr. and Mrs. Urritia Sr., and Mr. Luis T. Vallejo-Chalbaud, Managing Director of the firm, and Mrs. Vallejo-Chalbaud.

THE WORKERS' STATUTE

CONTINUED FROM PAGE 9

decision," except if both parties agree to arbitration or one of them institutes a collective conflict.

IV. Finally, in our judgment, the Workers' Statute:

- Does not substantially change the earlier legal system governing labor relations.
- Reduces the role of the labor authorities in labor relations, stresses the leading roles of the company or employer and the worker (either of himself or through his union bodies), although the authorities continue to intervene in individual labor relations, supervision matters on a secondary plane—i.e. if the parties cannot reach an agreement.
- Has nothing to say on such important matters as strikes, lockouts and collective conflicts.
- Stresses the participation of the workers' representatives as the level of reporting and monitoring.
- And, finally, it still further restricts the autonomy and decision-making powers of the employer in the management and organization of the company, since he must have the consensus of the workers and/or the permission of the labor authorities for all important labor relations matters (hiring, working conditions, wages, changes in conditions, closure of the company, etc.).

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Tratamiento fiscal de los agentes comerciales en el extranjero

The Chamber has received many inquiries about the effects of Law 6/1980, which involves the taxation of commissions paid by Spanish companies to agents in foreign countries. Since those affected read Spanish, we are publishing this study in Spanish prepared by the Official Chamber of Commerce, Industry and Navigation of Barcelona.

I. — La Reforma de la Imposición Directa implantada desde el día 1º de enero de 1979 ha planteado graves problemas a las empresas españolas respecto a la tributación de sus Agentes Comerciales en países extranjeros, en el supuesto —el más frecuente— de que no exista suscrito entre el país de que se trate y España un Convenio para evitar la doble imposición; máxime cuando actualmente la transferencia al exterior del importe de los rendimientos sujetos al Impuesto (sobre la Renta de las Personas Físicas o sobre Sociedades) no podrá efectuarse sin haber satisfecho previamente la cuota correspondiente a tales rendimientos.

II. — Si hay Convenio para evitar la doble imposición entre España y el país extranjero de que se trate, no existen prácticamente dificultades las comisiones que la empresa española remite desde España a su Agente comercial en el extranjero, tributan únicamente en el país donde opera el Agente; y si éste es persona física estará sujeto, además, al Impuesto español sobre la Renta de las Personas Físicas por obligación real de contribuir. Todo ello, claro está, en el supuesto de que el Agente comercial extranjero no tenga en España base fija o establecimiento permanente.

En cambio, si no existe aquel Convenio, las Leyes del IRPF y del Impuesto sobre Sociedades, quizá con el propósito político de inclinar a celebrarlo a aquellos países que se muestren reacios a ello, adoptan unos criterios muy severos en orden a la tributación de las comisiones enviadas por las empresas españolas a sus Agentes Comerciales que actúan en dichos países. La situación actual respecto a estos Agentes Comerciales es la siguiente:

a) Si son personas físicas, la empresa española les ha de retener el IRPF, aplicando sobre la cantidad íntegra de la comisión transferida (esto es, sobre el rendimiento bruto y sin posibilidad de decussión fiscal de gastos), la escala progresiva del art. 28-1 de la Ley del IRPF, lo que, como sabemos, puede dar lugar a una cuota del 15% como Mínimo y sin límite máximo, toda vez que el tope del 40% de la base imponible que señala el art. 28-2 de la repetida Ley del IRPF, sólo es aplicable a los sujetos por obligación personal. Naturalmente, las comisiones percibidas tributarán de nuevo en el país de residencia de estos Agentes comerciales, sin perjuicio del deber del Agente comercial extranjero de presentar en España la oportuna declaración por IRPF, al estar sujeto aquí por obligación real.

Lo grave es que el art. 119-2 del Reglamento del IRPF establece que, de la cuota correspondiente a los sujetos pasivos sometidos al Impuesto por obligación real de contribuir, únicamente se practicarán las deducciones reguladas en sus arts. 124-1-b) y 2, y 131 (inversión en valores, donativos y retenciones, respectivamente) de las cuales al Agente Comercial únicamente le es aplicable esta última.

b) Si son Sociedades, la empresa española ha de retenerles el 33% del rendimiento neto de la comisión devengada. Este tipo impositivo del 33% es el general en el Impuesto sobre Sociedades y el rendimiento neto es el 50% de la comisión bruta devengada, pues así lo establece la norma 11ª de la Orden de 26 de febrero de 1979 y la norma 7ª de la Resolución de la Dirección General de Tributos de 28 del mismo mes y año. Tal retención no exime a la Sociedad extranjera Agente Comercial de tributar otra vez por la comisión en el país de su residencia y sin perjuicio de que la Sociedad extranjera Agente Comercial declare en España por Impuesto sobre Sociedades al estar sujeta por obligación real (Arts. 4º-1-b) de la Ley del Impuesto), aunque la obligación de presentar balance no aparece establecida con claridad, faltando las oportunas normas reglamentarias.

Los problemas de orden económico que crea esta nueva legislación tributaria, discriminatoria para los Agentes Comerciales que operen en países extranjeros con los que España no ha celebrado Convenio para evitar la doble imposición, son obvios. Constituye un grave obstáculo para la exportación, pues el comisionista extranjero puede que prefiera representar a empresas de otros países que no graven las transferencias de comisiones, o por lo menos, admitan un coeficiente de deducción por gastos, o puede que proponga a la empresa española que le permita cobrar la comisión directamente del comprador. Esta última solución no interesa ni al Fisco ni a la empresa española: al primero, porque entonces deja definitivamente de cobrar, y a la segunda porque psicológicamente puede conducir a que el comisionista del vendedor español pase a ser, en cierto modo, un comisionista del comprador extranjero, debilitándose así el vínculo de lealtad y responsabilidad que el comisionista extranjero debe mantener con el comitente español.

Urge buscar una fórmula por la que ya en la retención del IRPF sobre las cantidades íntegras a que ascienden las comisiones transferidas al Agente Comercial persona

física, se aplique un coeficiente de gastos fiscalmente deducibles a fin de que los porcentajes de retención operen tan sólo sobre los rendimientos netos, así como que se señale un límite máximo a las cuotas resultantes de la aplicación de la escala progresiva del art. 28-1 de la Ley del IRPF.

III. — Ahora bien: aparte de la necesidad de solventar los problemas apuntados, cabe advertir que el principio de reciprocidad, pese a que la Ley del IRPF y el Reglamento no lo mencionan expresamente, ha quedado subsistente, tanto para las personas físicas como para las Sociedades que perciben comisiones de empresas españolas por su actuación como Agentes comerciales en países extranjeros con los que España no está vinculada por Convenio de doble imposición. En cuanto a todas las personas físicas extranjeras, lo admite expresamente el nº 7º de la Orden de 23 de diciembre de 1978 (declarada vigente por la Disposición Final 3ª del Reglamento del IRPF) se aplicarán sin perjuicio ...de la aplicación del Principio de Reciprocidad Internacional." Y en cuanto a las Sociedades extranjeras Agentes comerciales, no existe una normal reglamentaria equivalente; pero continúa en vigor el art. 22 de la Ley General Tributaria, conforme al cual el ámbito de aplicación de las Leyes tributarias españolas, en cuanto se refieran a los rendimientos o utilidades percibidos por extranjeros, podrá ser modificado por Decreto a propuesta del Ministro de Hacienda, por resultar procedente de la aplicación del principio de reciprocidad internacional; y por otra parte el art. 5º-4 de la Ley del Impuesto sobre Sociedades admite la posibilidad de que el Ministro de Hacienda declare, a condición de reciprocidad, la exención de las Entidades de navegación marítima o aérea residentes en el extranjero en las que concurran las condiciones que determina. Lo que ocurre es que, derogadas todas las normas reglamentarias que desarrollaban este principio de reciprocidad con anterioridad a la Reforma de la Imposición Directa, se hace preciso que se dicte el oportuno Decreto, previsto en el citado art. 22 de la Ley General Tributaria, que desarrolle nuevamente tal principio para todos los supuestos de imposición directa. De este modo, podría evitarse la doble imposición, sin tener que esperar a que España celebre un Convenio sobre la materia con el país de que se trate. □

Welcome back, Rafael Aguilar

We are pleased to welcome Rafael Aguilar on his return to New York as Commercial Counselor, the same office which he had previously held during the early 1970s. In the intervening years he has held important posts in Spain, most recently that of President of Banco de Credito Industrial, the official government bank of Spain. Earlier he was Director General of Commercial Policy and Commissioner of Fairs and Exhibitions.

Mr. Aguilar's return to New York is a demonstration of his love for this city and country, as well as of his conviction of the importance of the U.S. market to Spain. We are fortunate to have him here.

We also bid a fond farewell to our good friend Ramon Boixareu, Mr. Aguilar's predecessor, who has returned to Spain to become Head of the Delegation of the Ministry of Commerce in Barcelona. The best wishes of the Chamber and of his many friends in New York go with him.

FELIPE PROPPER DE CALLEJON, President

THE WALL STREET JOURNAL CONTINUED

force exists, and gives far less labor trouble than in Britain, Italy or many other developed countries.

And, Mr. Ferrer says, "Companies investing here often can buy up existing companies cheap, sometimes for even less than real value."

Several Spanish experts think the domestic investor may be starting to adopt the multinationals' longer view of Spain's future. "I don't think there will be a huge burst of domestic investment," Economics Minister Leal says, "but I think people here are becoming more used to the changes, and realize they aren't working so badly. This idea gains strength every day." □

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Preparing bait for the day's fishing, at the port of Vigo.

By JOSEPH CARAGOL
Joseph Caragol, Inc.

Fish Canning in Galicia

The following study of the background of Galicia's large and modern fishing fleet and canning industry appeared in the Souvenir Program of the Dinner-Dance. We are re-publishing it for the benefit of members who may have missed it there.

Cantart' ei, Galicia,
teus doces cantares,
qu' asi mo pediron
na veira do mare.
—Rosalia de Castro

Prior to the advent of canning, Mr. Alexander de Laborde, an avid traveller in Spain at about the end of the 18th century, had this to say, and I quote in extracted form:

"...By the returns made in 1788, the number [in Galicia] amounted to nearly 1,350,000 inhabitants, to which must be added about 100,000 persons who annually emigrate, and for some time, often for years, and some of whom never return.

"...It is true that this is the part of Spain where it rains most, where the atmosphere is thickest, and the sky most cloudy; but it is, notwithstanding, an excellent and beautiful country, productive, and enriched by nature...Nevertheless, as to manufactures, Galicia is the least industrious part of Spain; but its coasts are so extended, and furnish such resources, that this natural industry they afford is preferable to their mechanical and artificial industry. Fish is an immense article: the seas, which surround more than half of this kingdom, and the multitude of rivers which fall into the sea, supply the country with prodigious quantities of all kinds. The principal are the besugos, or hog-fish, some of which weigh upwards of two pounds; it has no bones, and is taken during the months of November and December; it is sent quite fresh into Castile and the kingdom of Leon; [also] salmon, sardine herrings of an excellent quality, shad, trout, lampreys, skate, eels of all kinds, etc. etc.

"As to commerce, Galicia exports only a small of its productions..."

To place the above in context, here are some of the populations de Laborde indicates for the principal cities:

"Coruña	4,000
Sant Jago	12,000
Ferrol	8,000
Orense	2,300
Vigo	2,500

At that time, trade through the principal commercial ports of La Coruña and Vigo seems to have been small, however, and rather surprisingly the figures show exports of quantities of linens, stockings and other textiles to the Americas on the

"Anyone travelling in Spain is astounded by the variety and quantity of fish available in all restaurants throughout the country. Fish seems to taste better there."

Fishing boats at Cillero (Lugo).

one hand, and the import of salted fish from England on the other.

Two events in the 19th century probably had a strong influence, particularly in Galicia, on changing this pastoral scene. The industrialization of canning during the second half of the century, and the Spanish Law of March 22nd, 1873, whereby the closely controlled, guild-regulated fishing industry was thrown open to whomever wished to participate.

So we see that by 1920 Spain, including the island provinces and African areas, had a total of 82,226 MT (metric tons) of sailing fishing vessels and 35,581 MT of motorized vessels. Galicia at that time had tonnages of 18,963 and 17,246 MT respectively, representing the largest and most modern fishing fleet in Spain.

Also according to the Encyclopedia Calpe of 1924, in 1917 there were a total of 1,515 establishments engaged in salting, canning and pickling fish in Spain, with a total of 35,021 workers. Galicia represented 1,246 establishments and 26,981 workers—that is, the bulk of this industry.

The total catch at that time ran around 404,000 MT, of which Galicia represented over one quarter of the landings. There were several mare-culture stations in Galicia, as well as laboratories and other industry-helping organizations.

An article about Vigo appearing in a publication of the American Chamber of Commerce in Spain in 1953, indicates that with 150,000 inhabitants it had become an important industrial factor, with some 300 transoceanic fishing vessels and a 90 million kilo landing during the previous five years.

The packers' association, Unión de Fabricantes de Conservas de Galicia, founded in 1902 and with headquarters in Vigo, had in 1955/57 a membership of 128 firms with 150 factories.

Today, Spain is the consuming country par excellence of the "fruits of the sea." Anyone travelling in Spain is astounded by the variety and quantity of fish available in all restaurants throughout the country. Fish seems to taste better there, and although fish from Isla de Arosa, Laredo, Lequeitio, Castellon, Cartagena, Cadiz and Huelva, iced and fresh, reaches Seville, Cordoba, Murcia, Barcelona and Madrid the next morning, I do not think it is only the freshness that makes the difference, but the art of cooking. I can go early in the morning to Freeport, in Long Island, pick my fish from the boat, and cook it the same day, and it is just not the same. On the other hand, go to many of the Spanish restaurants in the Greater New York area, mostly manned by Gallegos, and you are back in Spain.

An idea of the fish consumption in Spain: From what I can gather, annual fish landings in Spain run some 1.5 million MT, on top of which there are growing imports of iced, frozen, salted and canned fish from other countries. Exports seem to run only some 62-64 thousand MT. I do not have figures on total fish canning and other preserving, but it must be substantial, as you will find by eating at any Spaniard's home, or by visiting any supermarket or any of the myriads of bars with their varied "tapas," or by seeing the many large, modern and well-equipped factories in Galicia and other regions of Spain.

So, with such a large and modern industry and such a lavish variety of fish, mollusks, etc., why are Spanish seafood products not better known in the United States?

The Gallegos complain, and with justification, that the relative value of the peseta and the dollar makes competition difficult, that there are not enough credit incentives, and that there are some bureaucratic impediments.

I think, however, that there are some other equally important difficulties. First and foremost is the above-noted enormous domestic market which on the one hand increases the value of the fresh product, and on the other makes for a beautiful captive market, which reduces the incentive to export.

Another factor which may have put a crimp on production is the recently-imposed worldwide 200-mile oceanic territorial limits, plus the limitations imposed by the EEC and the general lack of unilateral fishing treaties which have caused the large and powerful Spanish fishing fleet to travel further and further for their catches. It becomes more financially sound, under these circumstances, to off-load in other areas such as Argentina and Australia. In fact, Spanish fishing and canning interests have more and more been exporting their knowhow and finances to such foreign lands.

Canned fish from Galicia is not very visible here because of the industry's specialization in products designed for other markets. In 1969, Galicia represented about 40% of Spain's exported tonnage of seafood

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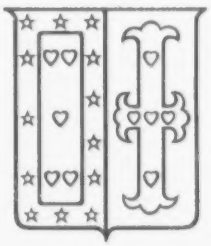

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"Given proper exposure in non-ethnic supermarkets and "American" restaurants, many of these exciting products would catch on..."

products and about the same percentage of its value. In 1978 she represented 21% of the exported tonnage, but nearly 27% of the value. The tonnage shows a decrease, while value increases somewhat. The increased Spanish exported tonnage probably comes from the Huelva area, and particularly from the Canary Islands.

The specialization of the Gallegan industry is probably focused on the domestic market, which after all is the most appreciative of good fish products and is willing to pay more for them. Thus you see a high production of finely packed albacore tuna in olive oil (with a tonnage approximating that of anchovies), squid and octopus in a large variety of preparations, spiced sardines, clams and oysters, eel fry, and barnacles. Good markets for these products have been opened in South America as well as in Europe and other markets.

The United States is not absent from Spanish fancy-fish export statistics. Apart from the usual strong imports of canned anchovies and some skinless and boneless sardines and tuna in water from time to time, Spain is showing up more and more in canned cepholopods and shellfish, as well as some tuna in oil. The bulk of these is imported here for the Hispanic community by some of our members, such as Goya Foods, La Cena Fine Foods, Iberia Foods, and several others. Galicia is the prime supplier of this line of products to a market which, within the United States, is gaining rapidly in importance. Imports from Spain had a value of approximately $4 million in 1978.

An interesting footnote is the story of how Galicia has lost the anchovy market. In 1964 and 1965 they exported over 1,000 MT per year, while in 1978 they exported only some 66 MT. I suspect that part of that difference was made up by neighboring factories belonging to Gallegos. This important business in Galicia probably fell victim to the automation and other improvements instituted in these emigrant-owned factories, anchovies being a very hard-labor-intensive product, with a long time lag between catch and sale.

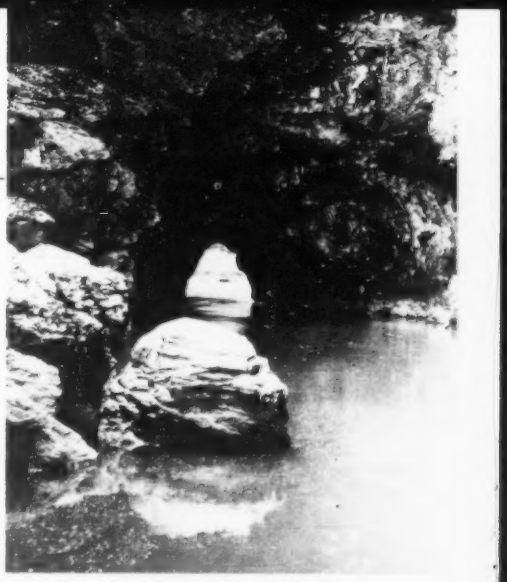
But with the peseta at around 66 to the dollar these last two years, plus the problems of the fishing fleets and their excellent domestic and Hispanic markets, can the Galician canner today be asked to compete with the Portuguese, Canary Islanders, Morroccans and others in sardines; with the potent Far Eastern producers of tunafish in water; with South African and South American countries and others in mackerel and sardines in tomato sauce; and in other products which represent volume in the U.S. market but have little outlet in their own standard markets? I think not, at this time. If present tendencies, both with respect to the value of the peseta and the fishing areas, continue to improve, this situation could change.

The potential importance of the U.S. market for Galicia and for the whole Spanish fish packing industry is evident from the following figures:

- Total Spanish exports of canned fish etc. in 1978 was 8,341 million pesetas, approximately $126.4 million—and to the U.S. approximately $9.46 million.
- Total imports of canned fish etc. into the U.S. in 1978 was $740 million, and total import of all fish products was $2,210 million.

The American tourist has enjoyed these fine specialty products while traveling in Spain, and I am convinced that given the proper exposure in the non-ethnic supermarkets and in the "American" restaurants, many of these exciting products would catch on, especially for cocktail parties and other festivities. We are hoping that importers and supermarket and food service buyers will investigate this potential for increased sales.

With regard to my Gallego friends, and as a long-time representative of Spanish interests, I have a few suggestions:



One of Galicia's many rivers, the Sil, has cut a natural tunnel through the mountain at Montefurado (Lugo).

- Put more pressure on Spanish trade negotiators to reduce some of the inequitable U.S. rates of duty on certain products (such as tuna in oil), and to change some of the GSP regulations.
- If the American market warrants your interest, study the possibility of offering your fine products in packaging more consistent with American buyer needs. Investigate whether with slight changes some of these products might not be more attractive to the American consumer. These suggestions are not too production-shattering in relation to your present trade.
- Look for the raw materials which are more abundant and at lower cost to you, and use your substantial associational facilities to develop new products for this market. What ever happened to the recent mussel program?
- Do not lose sight of your possibilities in this very important market for our standard, every day foods, both retail and institutional. I refer, of course, to tuna in water, S&B sardines, etc. Should the dollar continue to improve vs. the peseta, we could be in business again in these areas. Your know-how and large, modern facilities would make this possible.

As they say in my own ancestral home:
Fa mes el que vol que el que pot. □

BC

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GALICIA AND HER FISH CANNING INDUSTRY ARE HONORED AT THE CHAMBER'S ANNUAL DINNER-DANCE AND 21st BIRTHDAY PARTY

The sights and sounds of a true Gallegan fiesta were provided by the Gaiteros Terra a Nosa of the Casa Galicia, the Gallegan social club in New York, including players of the Gallegan national instrument, the bagpipe. Joining the bagpipers is Mrs. John Davis Lodge (center), who attended in Gallegan costume.

Dancers from the Gaiteros Terra a Nosa perform a spirited Gallegan dance.

The Grand Ballroom of the Plaza was the joyful scene on April 12th of the Chamber's annual Dinner-Dance and twenty-first birthday celebration, which also honored Galicia and its primary industry, seafood canning. A large delegation from that industry came from Galicia for the festivities, and samples of the delectable seafood specialties of the region were presented to the guests and served at the reception and dinner.

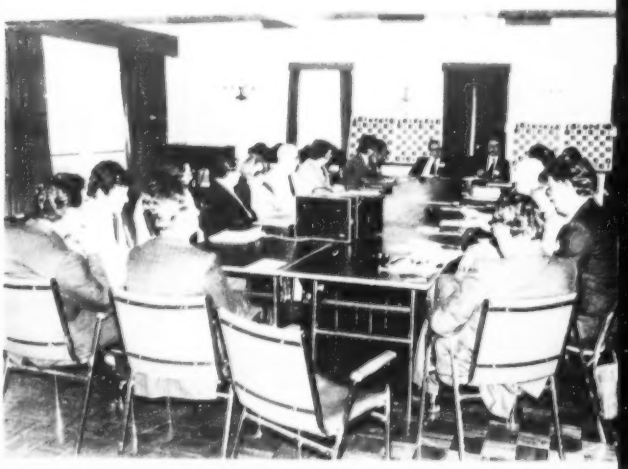
In addition to cans of sardines and mussels from Galicia, each couple also received, in an Iberia shopping bag, gifts such as a bottle of La Cena wine, La Toja soaps, playing cards donated by the Chase Manhattan Bank, and several other gifts, the most unusual of which was seashells—large enough so that the Vieiras a la Ramallo were served in them at the dinner; the shells were presented by the Xan Carallas Restaurant in Redondela, one of Galicia's most famous seafood restaurants. In addition, a lavish collection of raffle prizes was donated by Chamber members.

On Friday, April 11th, the day before the Dinner-Dance, a working session was held at the Casa y Circulo Cultural de Espana to discuss the U.S. market for Spanish canned seafood products, the problems involved, and ways in which the market could be expanded. Attending were the delegation from the Gallegan industry plus a large group of exporters, as well as John J. Zaic of the U.S. Food and Drug Administration, who discussed his agency's concerns regarding canned fish imports. Carlos Rubio of the U.S. Spanish Television Network discussed the possibilities of the Hispanic market in the U.S.; and Michael Batterberry, Co-founder and Editor-in-Chief of Food and Wine Magazine, commented on "The Changing Food Taste of the American Public and How to Meet It With New Products."

Chamber President and Mrs. Felipe Propper de Callejón, Ambassador and Mrs. José Lladó, and José Curbera, President of "La Operación CP-1," the Exporters' Group of Galicia, and Mrs. Curbera.

John Davis Lodge, Honorary Chairman of the Chamber, Mrs. Propper, Mrs. Lodge, and Mr. Propper.

Mr. Curbera, Ambassador Llado, Angel Alvarez, Secretary General of "La Operación CP-1," Mr. Propper, and Juan Manuel Peralta of the firm of Conservas Valeiras in Galicia.



The working session at the Casa y Círculo Cultural de España on the day before the Dinner-Dance discusses the U.S. market for Galicia's canned seafood products and how it could be expanded.

Peggy Spier was the beaming winner of the Grand Prize—two round-trip tickets to Spain via Iberia Air Lines plus one week's hotel accommodations in Galicia. Making the presentation are José Aragones (left) of Iberia Air Lines and Enrique García Herraiz, Director of the Spanish National Tourist Office in New York.

Prepared by J. & A. GARRIGUES, New York Office

CURRENT LEGISLATION IN SPAIN

A SUMMARY OF LEGISLATION PUBLISHED BETWEEN JANUARY 18, 1980 AND FEBRUARY 14, 1980

POLITICS, ECONOMICS, SOCIOLOGY

1. Office of the Head of State. Organic Law 1/1980, of January 18, regulating the various forms of referendum. (Official State Gazette, January 23, 1980).

The authorization for the holding of any form of referendum is the sole responsibility of the State. The authorization will be decided by the Government, upon the proposal of the Prime Minister, except in those cases in which the initiative is reserved to the Congress of Deputies. It shall rest with the King to convene the referendum by means of a Royal Decree resolved upon at a Cabinet Meeting and endorsed by the Prime Minister. A referendum on political decisions of special importance will require the prior authorization, by absolute majority, of the Congress of Deputies, at the request of the Prime Minister. In the case of a constitutional referendum, it will be a prerequisite that notification first be given to the Prime Minister by the General Cortes (Parliament) of the draft reform as approved that is to be submitted for ratification by the people. The third form of referendum relates to the ratification of initiatives for regional self-government and the approval of the Statutes of Autonomy, which will require prior notification to the Prime Minister of the resultant text, in the first case, or of the text approved by the Parliament, in the second case.

2. Ministry of the Interior. Royal Decree 113/1980, of January 22, establishing the necessary rules for the application of Royal Decree-Law 20/1977, of March 18, to the elections to the Parliament of Catalonia. (Official State Gazette, January 24, 1980).

As regards the Parliament of Catalonia, it is stated that the formation of election coalitions must be recorded with any of the Provincial Election Boards of Barcelona, Gerona, Lerida or Tarragona, and the Radio and Television Committee will consist of ten members, five appointed by the State Administration and the remaining five designated jointly by the Presidents of the Provincial Election Boards of Catalonia.

3. Ministry of the Interior. Royal Decree 112/1980, of January 22, establishing the necessary rules for the application of Royal Decree-Law 20/1977, of March 18, to the elections to the Basque Parliament. (Official State Gazette, January 24, 1980).

This Decree lays down that the five members of the Central Election Board will be designated by the General Council of the Basque Country, upon joint proposal, from among Professors of Law or Academicians, of political parties, coalitions of parties, and election groups presenting candidates. The Radio and Television Committee will consist of ten members: five appointed by the State Administration and the remaining five designated by the Central Election Board.

4. Office of the Head of State. Royal Decree 145/1980, of January 26, calling for a referendum in the provinces of Almeria, Cadiz, Cordoba, Granada, Huelva, Jaen, Malaga, and Seville, in accordance with the provisions of Article 151 of the Constitution. (Official State Gazette, January 28, 1980).

COMMERCIAL

1. Ministry of Economy. Royal Decree 352/1980 of February 18, releasing the deposits placed with the Bank of Spain under Royal Decree 922/1979, of April 27. (Official State Gazette, February 27, 1980).

The deposits established at the Bank of Spain in compliance with the Royal Decree of April 27, 1979, are released and will be refunded, upon request by the depositors, through such financial entity as they designate, as from February 25, 1980. The Ministry of Economy will adjust the rate of refund to the requirements of monetary policy, and will even be entitled to make such refunds in stages.

CIVIL

1. Ministry of Justice. Circular from the Directorate General of Registries and Notarial Offices concerning the registration on the Civil Registry of canonical marriages. (Official State Gazette, February 23, 1980).

Abolishes the requirement of prior notification to the Civil Registry of the celebration of canonical marriages, and the only document needed for registration is merely an ecclesiastical certificate as to the existence of the marriage.

FOREIGN INVESTMENTS

1. Ministry of Economy. Order of February 4, 1980, concerning the financing of investments abroad for tourist activities. (Official State Gazette, February 11, 1980).

Investments abroad are to be considered as direct investments, and in cases involving the participation of a Spanish tourist firm, or group of such firms, in a company incorporated in a foreign country, such participation must represent at least 20 per cent of the capital of the company. Credit must not exceed 60 per cent of the actual disbursement made by the Spanish investor, and the maximum term of repayment will be six years.

INTERNATIONAL

1. Ministry of Foreign Affairs. Agreement on the implementation of a project for the development of small solar power systems, signed in Paris on October 6, 1977. (Official State Gazette, February 15, 1980).

2. Ministry of Foreign Affairs. Arrangement among certain member States of the European Space Research Organization and the European Space Research Organization, in connection with the implementation of a communications satellite program, entered into at Neuilly-sur-Seine on April 12, 1973. (Official state Gazette, February 16, 1980).

3. Ministry of Foreign Affairs. Exchange of Notes, constituting an Agreement, between the Government of Spain and the Government of the United States of America, for the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to use their station in the other country, signed in Madrid on December 20, 1979. (Official State Gazette, February 2, 1980).

4. Ministry of Foreign Affairs. Agreement on air transport between the Government of the Kingdom of Spain and the Government of the State of Kuwait, signed in Kuwait on December 3, 1979. (Official State Gazette, February 22, 1980).

5. Ministry of Finance. Order of February 18, 1980, concerning the application of Articles X, XI and XII of the Agreement between Spain and Sweden on the Avoidance of Doub le Taxation as regards Income and Wealth Taxes, dated June 16, 1976. (Official State Gazette, March 1, 1980).

6. Ministry of Foreign Affairs. General Agreement on Scientific and Technical Cooperation between the Government of Spain and the Government of the Republic of Cape Verde, signed in Madrid on June 18, 1979. (Official State Gazette, March 4, 1980).

LABOR

1. Ministry of Labor. Royal Decree 277/1980 of February 18, approving the Working Calendar for 1980. (Official State Gazette, February 20, 1980).

ADMINISTRATIVE

1. Ministry of Finance. Order of January 14, 1980, applying the General Accounting Plan to firms benefiting from the voluntary regularization of their tax situation (Law 50/1977). (Official State Gazette, January 21, 1980).

2. Ministry of Transports and Communications. Order of January 24, 1980, authorizing the increase in passenger fares on the Spanish National Railway Network (RENFE). (Official State Gazette, January 25, 1980).

3. Ministry of Transports and Communications. Order of January 24, 1980, authorizing the increase in fares for the transportation of passengers and goods by road, as a result of the increase in the price of diesel oil, within the Petroleum Monopoly. (Official State Gazette, January 25, 1980).

4. Ministry of Transports and Communications. Order of January 24, 1980, authorizing the increase in fares of domestic scheduled flights. (Official State Gazette, January 25, 1980).

5. Ministry of Territorial Administration. Correction of errors of Royal Decree 2874/1979, of December 17, concerning transfers of responsibilities from the State Administration to the Regional Council of Asturias in matters relating to troublesome, unhealthy, noxious and dangerous activities, city planning, agriculture, domestic trade fairs, tourism, transport, local administration, culture and health. (Official State Gazette, January 25, 1980).

6. Ministry of the Interior. Royal Decree 3962/1979, of December 29, amending the wording of certain articles of Royal Decree 2212/1978, of August 25, concerning security precautions in silversmiths' and jewelry shops. (Official State Gazette, January 26, 1980).

These establishments must have a safe or armored strong-room with an automatic delayed-opening device and a blocking device in operation from closing to opening time. They must also install an acoustic alarm on the outside of the premises, with bars over windows giving on to interior yards and corridors of the building, armored doors on all accesses to the interior of the establishment, with volumetric alarm detectors, special glazing and notices informing the public that the establishment is provided with security measures.

7. Ministry of the Interior. Order of January 17, 1980, establishing new speed limits for motor vehicles on public highways. (Official State Gazette, January 26, 1980).

The new speed limits for motor vehicles on public highways are 120 Km. per hour on motors, 100 Km. per hour on first class roads having hard shoulders, and 90 Km. per hour on all other roads.

8. Office of the Head of State. Royal Decree-Law 1/1980, of January 25, concerning special budgets for the cancellation of debts of local corporations and the financing thereof. (Official State Gazette, January 29, 1980).

9. Ministry of Territorial Administration. Royal Decree 3072/1979, of December 29, concerning transfers of responsibilities from the State Administration to the Board of Communities Castile-La Mancha Region, in matters relating to Agriculture, Domestic Trade Fairs, Tourism and Culture. (Official State Gazette, January 30, 1980).

10. Presidency of the Government. Royal Decree 190/1980, of February 1, concerning Special Government Delegates in charge of Security. (Official State Gazette, February 2, 1980).

In the preamble to this Decree, the necessity is stated of establishing by territories the command, coordination and logistical support of the State Security Corps and Forces for planning the fight against terrorism. The Decree specifies that the Government may appoint, under its authority, Special Security Delegates in various provinces, who will hold the maximum authority within the sphere of their responsibilities, the civil governors being bound by their directives.

11. Ministry of Finance. Royal Decree 191/1980, of February 1, providing for the issuance of Treasury bonds, as an instrument of monetary policy, in the total outstanding amount of up to two hundred thousand million pesetas. (Official State Gazette, February 2, 1980).

12. Ministry of Finance. Order of January 14, 1980, approving the rules for the adaptation of the General Accountancy

Plan to the motorcar manufacturing industry. (Official State Gazette, February 4, 1980).

13. Presidency of the Government. Royal Decree 228/1980, of January 18, concerning measures for expediting the plan for the construction of coal-fueled power plants.

14. Ministry of Finance. Order of January 14, 1980, approving the rules for the adaptation of the General Accountancy Plan to the cement manufacturing industry. (Official State Gazette, February 7, 1980).

15. Presidency of the Government. Order of February 4, 1980, approving rules for the preparation of the Economic Memorandum supporting draft laws and administrative provisions. (Official State Gazette, February 9, 1980).

This Order provides that any preliminary draft law or proposed administrative provision, the application or which may entail an increase in public expenditure or a reduction in public revenue, must include, among the preliminary background information and studies, an Economic Memorandum setting forth and duly evaluating all such particulars as may be necessary in order to ascertain the possible budgetary consequences of their implementation.

16. Presidency of the Government. Royal Decree 259/1980, of February 1, concerning financial measures to support the demand for vessels. (Official State Gazette, February 13, 1980).

This provision refers to the construction, conversion and major repairs of merchant or fishing vessels, as well as floating devices and plants, providing they have a metallic hull and are of over 100 gross registered tons. The amount of the credit may represent up to 80 per cent of the cost of construction of the vessel, the repayment period may not exceed 12 years and the rate of interest will be not less than 8 per cent per annum.

17. Ministry of Transports and Communications. Order of February 14, 1980, establishing rules for the conduct of international road transport of goods for the year 1980. (Official State Gazette, February 19, 1980).

This public international transport between Spain and the majority of European countries is carried out within the framework of the various bilateral agreements. Spain has signed such agreements with Germany, Austria, Belgium, Bulgaria, Czechoslovakia, Denmark, Greece, Finland, France, Norway, Poland, Portugal, Italy, the Netherlands, United Kingdom, Romania, and Sweden. Transports during 1979 exceeded 7 million tons, and the number of Spanish firms sharing in this activity is 398. To hold international goods transport authorizations it is necessary to be recorded on the Central Register of Public Non-Scheduled Transport Firms. Authorizations are non-transferable.

18. Ministry of Foreign Affairs. Regulation No. 37, annexed to the Geneva Agreement of March 20, 1958, laying down universal rules for the approval of incandescent lamps to be used in the approved lights of motor vehicles and trailers.

19. Ministry of Territorial Administration. Royal Decree 278/1980, of January 25, concerning transfer of responsibilities from the State Administration to the Council of Valencia Region in matters relating to troublesome, unhealthy, noxious and dangerous activities, culture and health. (Official State Gazette, February 20, 1980).

20. Presidency of the Government. Order of January 25, 2980, concerning the change of standard time in 1980. (Official State Gazette, February 20, 1980.

On Sunday, April 6, the clocks will be put forward one hour and on Sunday, September 28, they will be put back one hour.

21. Ministry of Finance. Resolution of the Directorate General of Customs and Special Taxes concerning the "assignment value" in the case of exports giving rise to pre-payments or deferred payments (Official State Gazette, February 22, 1980).

In the case of exports payment of which is made more than 90 days subsequently, the tax drawback will be computed on the basis of the "assignment value," updated to the time of accrual by deduction therefrom of the interest on the terms exceeding 90 days. In the case of exports payment of which is made fully or partly in advance, the basis will be computed by adding to the "assignment value" the interest on the amounts prepaid.

22. Ministry of Commerce and Tourism. Order of February 8, 1980, concerning price systems for certain goods and services. (Official State Gazette, February 23, 1980).

This Order released passenger motorcars from the system of authorized prices.

23. Ministry of Industry and Energy. Royal Decree 380/1980, of February 22, on the pharmaceutical industry. (Official State Gazette, March 3, 1980).

This Decree authorizes the free installation, expansion and relocation of plants manufacturing pharmaceutical specialties, without prejudice to the manufacturing authorizations and complementary requirements of the health legislation, except as regards the production of pharmaceutical specialties containing narcotics and psychotropic drugs, which are subject to State control. A series of favorable conditions are also established for encouraging production and technology, and an Advisory Board on Raw Materials for Pharmaceutical Uses is set up within the Directorate General of Chemical and Textile Industries of the Ministry of Industry.

FISCAL

1. Ministry of Finance. Royal Decree 3061/1979, of December 29, regulating the taxation of business investment. (Official State Gazette, January 23, 1980).

This Royal Decree develops the tax system governing company investments which had been laid down by Law 61 (December 27, 1978) on corporate tax (Law 61/1978). Four supports of private company investment are mainly developed in this Royal Decree:

1. Tax system governing depreciations. The starting point here is that depreciations are one of the instruments of political economy used to act on the marginal efficiency of investments by

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raising the present value of the expected net revenues. Thus, an adequate depreciations policy has a favorable direct effect on cash flow by increasing the availability of internal funds in the possession of companies. From this standpoint, sums used to offset the depreciation of material or non-material immovable goods of whatever activity are considered depreciation, provided that such depreciation is real and on the books. The Royal Decree establishes what items are depreciable, the valuation thereof, and the manner of depreciation, whether real, by item or by factor. The following aspects are specifically noteworthy: (a) the possibility of using special depreciation plans, provided that they are applied for in the first quarter of the tax period in which the application of the plan is to commence. (b) The inclusion of the concept of regressive depreciation, which permits the application of a constant percentage to the residual value of the depreciable items having a useful life of more than three years and consisting of industrial and agricultural machinery, transport equipment, data processing equipment, and hotel facilities. (c) Regulations governing amortization of incorporation costs, the cost of initial establishment, financial costs in the case of merger, and freedom of amortization in the case of mining operations.

II. Reinvestment of net worth increases. The exemption provided for in the Company Tax Act is developed here in connection with net worth increases coming to light on the transfer of companies' fixed assets, provided that the purchase price is reinvested in assets of a similar nature. In this regard, the objective and subjective scopes of the investment are regulated, as well as the requirements to enjoy the same, particularly the possibility of using special reinvestment plans which allow of using the amount of net worth increase up to a period of four years reckoned as from the time of sale. The special reinvestment plan must be submitted together with the company tax return.

III. Investment deduction. Particularly noteworthy in this Royal Decree is the regulation of tax credit, graduated on the basis of new investment made and the maintenance of increase of job numbers at the investing company. A general system is established for investment deduction in the event of acquisition of new fixed assets, with a definition of what that term means, and the application of incentives to mining exploration, publishing companies, research and development programs, export companies, and investments made under the leasing system. An indication is also given as to what is meant by creation of jobs for purposes of application of the increased tax credit rate and the manner of applying the investment deduction in entities under the so-called "fiscal transparency" system. There are, as well, particular regulations on the system of investment deductions in the case of individually-owned companies, industrial banks and the so-called "business promotion companies." The special investment deduction and the deduction for job creation contemplated in the 1979 Budget Act are also developed.

IV. System of allowances on tax amount. Finally, the Royal Decree contemplates the development of instruments which would tend to reduce the cost to the company of outside financing used directly to finance real investments. This is the case with the allowances of 95% on the revenue from financing operations contemplated in Law 61/1978. A noteworthy novelty is the confirmation of the fact that such allowances may be applied in cases where the lender, bank or foreign financing institution has a permanent establishment in Spain, provided that the operation is formally executed outside Spanish territory and the payment of principal and interest takes place abroad. It is also provided that the validation of allowances already granted or recognized in the case of an international financing operation will in all cases require a fresh application in accordance with the rules contained in the Royal Decree. Finally, it is provided that, in the case of financing operations carried out abroad, it may be agreed that the debtor shall bear payment of the relevant company tax, and the manner in which any withholding at source is to be made also be agreed on. In the case of companies producing electrical power or mining coal, which took advantage of the tax supports to investment contemplated in Decree-Law 3 of June 28, 1974, they may continue to enjoy such a system of support to investment or take advantage of the system of deductions contemplated in this Royal Decree, provided that they choose the latter within three months as from the effective date of this Royal Decree.

2. Ministry of Finance. Order of February 7, 1980, concerning the acquisition value of paid-up (non-assessable) shares, for the purpose of determining capital increments or reductions under Personal Earned Income Tax and Company Tax. (Official State Gazette, February 18, 1980).

This Order provides that, in the case of fully or partially paid-up shares, the cost of acquisition will be computed at the amount actually paid by the taxpayer. Article one lays down that, in those cases where, prior to January 1, 1979, it was resolved to declare shares or interests in the capital fully paid-up against freely-disposable reserves and/or Balance Sheet Regularization Accounts, the cost of acquisition will be deemed to be the amount of the tax basis determined, at the time of the resolution, in respect of Capital Income Tax, or which should have been determined had there been no exemption.

3. Ministry of Finance. Order of February 14, 1980, establishing rules for the adaptation of the Taxation of Cooperatives to Law 61/1978, of December 17, on Company Tax. (Official State Gazette, March 5, 1980).

A CORRECTION

In the January-February, 1980 issue of this magazine, in the article entitled "The Framework Agreement on Collective Bargaining" by Victoria Aranda of J. & A. Garrigues, New York, under the section headed "Overtime," the sentence "Customary overtime will not be suppressed" should read "Customary overtime **will be** suppressed."

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Spain's Patent and Trade Mark Regulations

Spain is a member of the Paris Convention for the Protection of Industrial Property.

PATENTS AND UTILITY MODELS

KINDS OF PATENTS AND UTILITY MODELS:

Patents of invention: The object of a patent of invention may be any improvement the aim of which is to change the essential conditions of a process in order to obtain certain advantages over that which is already known. The object of a patent of invention may also be a scientific discovery.

Patents of importation: The object of a patent of importation may be the invention which, once it has been divulged or patented abroad, has not been divulged, patented, or applied for in Spain.

Certificates of addition: These are granted for improvements introduced in the object of a prior patent of invention. Only three Certificates of Addition may be admitted for one patent of invention. They cannot be granted on the basis of patents of importation.

Utility models: Instruments, apparatus, devices and objects which produce a utility—that is to say, which improve the function they are aimed at.

SCOPE OF PROTECTION:

Patents of invention: They grant patentees the exclusive right to manufacture, execute, produce, sell or use the object of the patent as an industrial and profitable exploitation, in accordance with Spanish Law.

Certificates of addition: Same as patents of invention.

Patents of importation: They grant the right to manufacture, execute, or produce and sell that which is manufactured in Spain; but they do not grant the right to stop others from introducing similar objects from abroad, subject to the restrictions of the laws that protect national production.

Utility models: Same as patents of invention, although it is debatable whether importation can be prevented.

DURATION OF PATENTS:

Patents of invention: Twenty (20) years from the date of the grant.

Patents of importation: Ten (10) years from the date of grant.

Certificates of addition: The unexpired term of the basic patent of invention.

Utility models: Twenty (20) years from the date of grant.

NOVELTY:

Patents of invention: Absolute novelty, i.e. that which has not been known or worked either in Spain or abroad.

Patents of importation: Novelty in Sain, or relative novelty; i.e., the object to be patented may be known, worked or even patented abroad, but not in Spain.

Certificates of addition: Same as patents of invention.

Utility models: Same as patents of importation.

DOCUMENTS REQUIRED WHEN FILING PATENT APPLICATIONS

Patents of invention:

1. Power of Attorney: This document requires no legalization at all and may be filed within one month from the date of application.

2. Drawings: Three sets. They must be lineal and the size of the sheets must be 29.7 cm. long by 21.42 or 63 cm. wide. The figures are to be placed vertically and inside a margin line all around the sheet 2 cm. from the edges. One set on Bristol paper, and the other two on white paper.

3. Priority document: This document is required when priority is claimed. The priority document consists of a certified copy of the foreign application, requires no legalization, and may be filed within three months following the date of application.

4. Name(s) of inventor(s).

Patents of importation: The same documents as patents of invention, except for the priority document and the name of the inventor.

Note: In the application for a patent of importation it is necessary to include a declaration with regard to the "source of information" on which it is based. This source of information can be a foreign patent already granted, a book, an article published in a newspaper, magazine or journal which should not have circulated in Spain, etc.

Certificates of addition: Same as patents of invention.

Utility models: Same as patents of invention, except for the name of the inventor.

PROCEDURE:

There is examination as to form, patentability and unity of invention, but not as to novelty.

OPPOSITIONS:

Patents of invention: No provisions.

Patents of importation: No provisions.

Certificates of addition: No provisions.

Utility models: The application is published once in the "Boletin Oficial de la Propiedad Industrial" (Official Industrial Property Bulletin) for oppositions to be filed within two months following the date of said publication.

ANNUITIES:

Patents of invention: The first annuity is paid at the time of delivery of the Letters Patent. All the annuities can be paid at once with a 20% discount.

Certificates of addition: None.

Patents of importation: Same as patents of invention.

Utility models: Same as patents of invention.

WORKING:

Patents of invention: Working has to be accredited within the first three years following the date of grant. When working cannot be accredited, the patent can go under the compulsory license clause (nominal working), which consists of placing advertisements in the "Boletin Oficial de la Propiedad Industrial" (Official Industrial Property Bulletin) and in a daily newspaper having a large circulation. Through the renewal of these advertisements every year, a patent may be kept in force during its whole life even if there is no exploitation.

Patents of importation: Working must be accredited within the first three years following their grant. The difference from patents of invention is that working or exploitation has to be proved on a yearly basis. Licenses on patents of importation cannot be offered as a substitution for actual working.

Certificates of addition: Same as patents of invention. The working of a certificate of addition replaces, to all intents and purposes, the working that would have had to be proved regarding the main patent.

Utility models: Same as patents of invention.

Note: There is in Spain what is known as "working through the existence of means or facilities." If after three years have gone by since the date of grant of a patent of invention, certificate of addition or utility model, the patentee was not able to commence exploitation, but on the other hand he does have the necessary means or facilities to effect it, it is possible to petition the Ministry of Industry for such working through the existence of means or facilities, which is granted for only one year, with no possible extension.

REMARKS:

Unity of invention: A patent will be granted for one single industrial object.

Product claims: These are not admitted in patents of invention, certificates of addition and patents of importation.

Secrecy of applications: Patent applications are considered to be secret and are therefore not available to anyone up to the time when they are granted. Utility models are not included in this ruling, as they are published for calling oppositions.

TRADEMARKS

KINDS OF TRADEMARKS:

Product trademarks.

Service trademarks: These cover the activities of individuals or corporations when rendering their services.

Collective trademarks: Are those which are adopted exclusively by associations, corporations, etc., to protect the products of the work of all the individuals belonging to the group.

DURATION OF TRADEMARKS:

Twenty years, and may be renewed indefinitely for like periods. The legal life of a trademark begins on the date of grant.

CLASSIFICATION:

Spain has adopted the International Nomenclature; therefore there are 42 classes in all, 34 classes concerning product trademarks and 8 classes concerning service trademarks. One application may cover only goods belonging to the same class.

DOCUMENTS REQUIRED WHEN FILING TRADEMARK APPLICATIONS:

1. **Power of Attorney,** which requires no legalization. This document may be filed within one month following the date of application.

2. In the case of graphical trademarks, an electrotype not to exceed 4 x 4 cm.

3. **Denomination** of the trademark and/or the graphic that constitutes it.

4. **List of goods** to be protected.

5. If priority is claimed, a certified copy of the original application, which requires no legalization.

PROCEDURES:

There is examination as to form, novelty and registrability.

Immediately following the examination, the application are published once for calling oppositions. There is a two month period from the date of said publication for filing oppositions.

FEES:

During each twenty year period, official fees will be paid every five years. The first quinquennial is paid when the certificate of registration is delivered. If all quinquennials are paid at once there is a 20% discount on the Agent's charges.

USE:

Trademarks may lapse for failure to use them during five consecutive years. Nevertheless, this type of lapsing does not function automatically, as it is only a remote possibility that a third party will be able to denounce and prove so that lapsing may occur.

REMARKS:

Spain is a signer of the Arrangement of Madrid; therefore, the owner of a Spanish trademark may apply for an international registration through the "Bureau International de la Propiete Industrielle" of Geneva. The trademark may be protected in the following twenty-one countries: Austria, Algeria, Benelux, Czechoslovakia, Egypt, France, Germany (Federal Republic), Germany (Democratic Republic), Hungary, Italy, Liechtenstein, Monaco, Morocco, Portugal, Rumania, San Marino, Switzerland, Socialist Republic of Vietnam, U.S.S.R., and Yugoslavia.

INDUSTRIAL MODELS AND DESIGNS

Industrial models: An industrial model can be any object which can serve as a model or type for the manufacture of a product, or which can be described by its structure, configuration, ornamentation or representation. A model of a china set, a chess set, or playing cards, etc., may be regarded also as an industrial model.

Industrial designs: Any disposition or combination of lines or colors, or lines and colors, which are applicable with a commercial purpose to the ornamentation of a product, may be an industrial design.

DURATION OF INDUSTRIAL MODELS AND DESIGNS:

They are granted for ten years and may be renewed only once for a like period.

NOVELTY:

Absolute novelty is required (see patents of invention).

DOCUMENTS REQUIRED WHEN FILING INDUSTRIAL MODEL AND DESIGN APPLICATIONS:

Same as trademarks, but, in addition, the design which constitutes the industrial model or design intended for registration should be filed.

PROCEDURE:

They are granted with no prior examination as to novelty, but oppositions are called just as in the case of utility models.

FEES:

As in the case of trademarks, quinquennials are to be paid.

COMMERCIAL NAMES

Commercial names are the names of persons or of entities such as firms, etc., dedicated to carrying out a profession, a business or an industry.

DOCUMENTS REQUIRED WHEN FILING BUSINESS NAME APPLICATIONS:

1. **Power of Attorney.**
2. **Social activity or purpose.**
3. In the case of companies, the writ of constitution.

REMARKS:

1. Commercial names can only be registered in Spain by Spaniards or foreigners established in the country.

2. As regards the scope of the protection, duration and proceedings (examination, oppositions, etc.), commercial names are ruled just as trademarks.

BUSINESS CONCERN SIGNS

A business concern sign is the name by which an agricultural, industrial or commercial establishment is known.

SCOPE OF PROTECTION:

Business concern signs are granted only for those municipalities mentioned in the application.

DOCUMENTS REQUIRED WHEN FILING BUSINESS CONCERN SIGN APPLICATIONS:

Same as trademarks, but in addition there has to be an indication of the exact place where the business concern or establishment is located. When it protects an agricultural, industrial or commercial exploitation, a document accrediting the qualification thereof is required.

REMARKS:

As for the duration and proceedings (examination, oppositions, etc.), business concern signs are ruled just as trademarks.

REGISTRATION OF ASSIGNMENTS

DOCUMENTS REQUIRED:

1. Power of Attorney, signed by the assignee. This document requires no legalization.

2. Assignment document, executed by both assignor and assignee and legalized by the Spanish Consul.

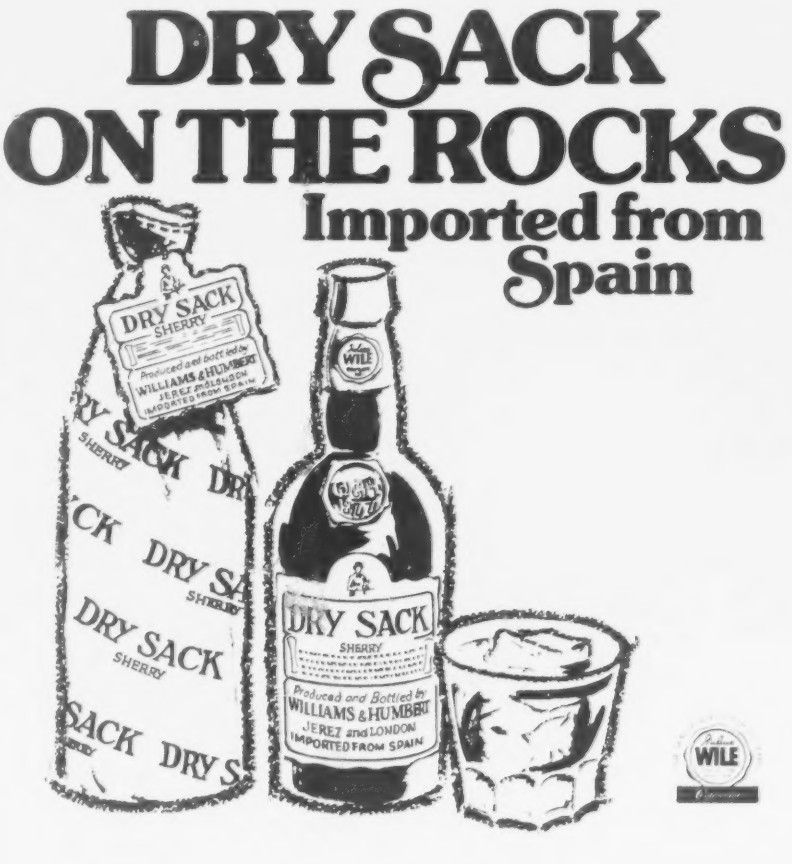
3. If the assignment takes place between Spanish persons or companies, or if one of the parties is a Spanish subject or resides in Spain, the deed of sale is required.

REGISTRATION OF CHANGES OF NAME, MERGERS, ETC.

DOCUMENTS REQUIRED:

1. Power of Attorney, executed by the new corporation. This document requires no legalization.

2. Certificate of the change of name, merger, etc., issued by the pertinent authorities (Secretary of State, Corporations Registry, Commercial Registry, etc.), legalized by the Spanish Consul.



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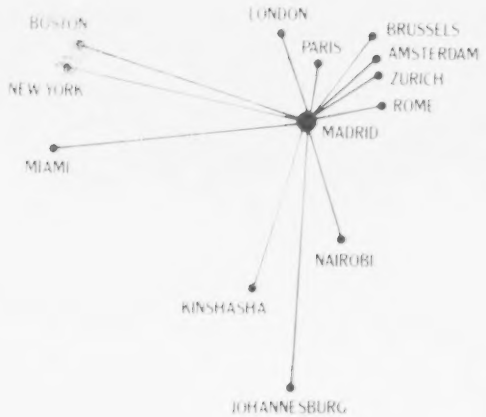

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By RICHARD L. OSBORNE, Attorney
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Exporting to the United States Under a Trademark

A company is formed in Spain for the purpose of manufacturing leather goods for sale in Spain and abroad, including the United States. It wishes to use the same trademark for its U.S. sales that is used for sales in Spain. This article discusses the problems such a foreign manufacturer will encounter in establishing, protecting and exploiting trademark rights in connection with exporting to the United States. It deals with U.S. trademark searches, U.S. trademark registration, the necessity for using the mark after registration, distribution in the U.S., and U.S. customs treatment of trademark royalties.

I. THE TRADEMARK SEARCH

The initial step for a foreign exporter is to order a search of trademarks in use in the United States. An early search is necessary even if there are no plans to apply immediately for U.S. registration. It is necessary because exporting into the U.S. goods bearing a trademark which is confusingly similar to marks already in use in this country can lead to expensive litigation and wasted promotional efforts.

The trademark search should not be limited to registrations and applications on file with the U.S. Trademark Office. The problem with such a limited search is that under U.S. common law principles, the most basic trademark rights stem from use of the mark, not federal registration. Accordingly, a person using the mark can sue to prevent infringement even if he has not obtained or applied for U.S. registration. Moreover, omitting registration is a common practice among smaller commercial establishments. Indeed, a mark used only within a single state does not qualify for U.S. registration. Therefore, foreign exporters should obtain a trademark search of not only U.S. registrations and applications, but state registrations and unregistered usage as well. Such searches can be performed by computer search firms for $100.00 per search.

In view of these considerations, the best approach is for the exporter to request an American attorney (1) to procure from a computer search firm a computerized search of U.S. registrations and applications, state registrations and unregistered marks in use; and (2) to examine the marks disclosed by the search and send the exporter an analysis. The total cost of this type of search and report is usually around $300.

II. SHOULD A FOREIGN EXPORTER OBTAIN A U.S. TRADEMARK REGISTRATION?

Under U.S. common law, by being the first person to use a trademark on goods, the trademark owner automatically acquires the basic legal right to prevent other persons from using a similar mark on similar goods. The establishment of this right does not require federal registration. However, there are several advantages of federal registration.

The first advantage is that federal registration is **prima facie** evidence of the validity of the registration, the registrant's ownership of the mark, and the registrant's exclusive right to use the mark in connection with the goods. Accordingly, in litigation between two parties claiming rights in the same trademark, a party with federal registration has a procedural advantage. Introduction of his federal registration into evidence automatically shifts the burden of proof to his opponent.

This is a more significant advantage than is apparent at first glance. The basic issue in trademark litigation is likely to be who used the mark first. Frequently, the events in question go back many years. When memories fade and old records have been destroyed, the burden of proof can be determinative.

The second advantage of registration is that continuous use of a registered mark in U.S. foreign or interstate commerce for five years creates some degree of incontestability for the right to use the mark. The statutory provision creating incontestability is subject to several exceptions. The most important of these exceptions prevents a mark from ever becoming incontestable against confusingly similar marks of prior users. Collectively, this and other exceptions cover most of the situations in which litigation arises between competing claimants one of whom has continuously used a registered mark for more than five years. Nevertheless, there are some defenses, such as lack of distinctiveness, which are eliminated once incontestability has been achieved.

The third and perhaps most important reason for trademark registration is that federal registration is constructive notice of the registrant's claim of ownership of the mark. This provision has been construed to mean that registration results in an automatic **nationwide** constructive use. To understand the importance of this provision and construction, it is necessary to understand that in the absence of federal registration, trademark rights which are created through use are applicable only in the state or locale in which the use has taken place. Federal registration, however, achieves **nationwide** protection regardless of the area of actual use.

For example, if X Corporation is the first user of an

unregistered mark in the United States, but uses it only in the states of Georgia and Florida, it cannot stop Y Corporation from using the same mark in the state of Minnesota. Indeed, once Y Corporation uses the mark in Minnesota, Y Corporation can prevent X Corporation from using the mark there, if X Corporation subsequently decides to expand from Florida to Minnesota. On the other hand, suppose X Corporation uses the mark initially only in Georgia and Florida but obtains registration with the U.S. Trademark Office. Subsequently, Y Corporation begins using the mark in Minnesota. Then X Corporation begins using the mark in Minnesota. In this situation Y Corporation has a prior **actual** first use date in Minnesota. However, X Corporation's **constructive** Minnesota use date, the date of X Corporation's registration, is earlier than Y Corporation's first actual Minnesota use date. Therefore, X Corporation can obtain an injunction restraining Y Corporation from using the mark there.

The final significant advantage in registration is that registration can result in actual notice of the registrant's claim of ownership of the mark. Generally, before adopting and using a trademark, a company or individual will have the U.S. Trademark Office files searched to determine whether similar marks are already being used by others. Accordingly, U.S. registration can serve the function of notifying other potential users of similar marks that the registrant has adopted the mark. In this way, needless litigation can be avoided.

Foreign exporters usually should register their trademarks with the U.S. Trademark Office. The public record of their registration may give actual notice to subsequent, potential users, minimizing the likelihood of future litigation. If there is litigation, the procedural benefits of registration and the incontestability which is achievable after registration will be advantageous. Moreover, the foreign exporter's target market will usually be the entire United States, so the immediate nationwide trademark protection conferred by registration is desirable. The cost of registration, which is usually in the $400 range (including the application and one amendment to meet the intial objections of the Trademark Office) is insignificant when weighed against these advantages.

III. SELECTING A BASIS FOR REGISTRATION

There are two bases upon which a foreign exporter may apply for U.S. trademark registration. First, it may base an application upon a corresponding registration or application in its own country. Alternatively, a foreign exporter may base its U.S. application upon use of the trademark in U.S. foreign or interstate commerce.

These are alternative bases. A foreign company which applies for a U.S. registration on the basis of a corresponding foreign registration need not establish use of the mark in the U.S. foreign or interstate commerce. Such foreign company will prevail in a registration proceeding over a subsequent U.S. applicant who uses the mark in U.S. commerce before the foreign applicant but after the foreign applicant's U.S. filing date.

. The principal advantage of basing a U.S. application on a corresponding foreign application stems from the priority provisions of the Trademark Act. Under this provision, if a foreigner applies for registration in his own country, and then within six months files a U.S. application based upon the foreign application, the U.S. Trademark Office treats the U.S. application as if filed on the date of the foreign filing.

The landmark case interpreting this priority provision is known as the "Lemon Tree" case. That case involved a Canadian corporation which applied for a Canadian trademark registration on March 28, 1969. On May 15, 1969 a U.S. corporation used the same mark on similar goods in U.S. commerce. On June 18, 1969 the U.S. corporation applied for U.S. registration on the basis of use in U.S. commerce. Subsequently, on September 19, 1969, the Canadian corporation applied for U.S. registration on the basis of its Canadian application.

The Canadian corporation claimed that under the priority provision, the U.S. Trademark Office should treat its U.S. application as if filed on March 28, 1969, the date of the filing of the Canadian application. Since its March 28 filing date preceded the U.S. corporation's May 15 use date, the Canadian corporation claimed superior rights to U.S. registration. On the other hand, the U.S. corporation argued that since it used the mark in U.S. commerce first, its rights to U.S. registration were superior to the Canadian corporation's rights. After years of litigation, the U.S. Circuit Court of Appeals for the District of Columbia ruled that the Canadian corporation had superior rights to registration. The Court stated that if the requirements of the Trademark Act's priority provisions are met, the foreign filing date becomes a constructive use date for purposes of determining registration rights between competing applicants.

The principal disadvantage of basing a U.S. application upon a corresponding foreign application is that the resulting foreign registration must be issued before the U.S. registration can be issued. This is not a major problem for exporters in countries like Germany, where applications normally mature into registration within a reasonable time. However, in some countries the registration process can take several years. Exporters in such countries should begin exporting their products to the U.S. immediately after receiving favorable search results, and base their U.S. application upon use in U.S. foreign commerce to avoid the delay.

IV. PROBLEMS FOREIGNERS FREQUENTLY ENCOUNTER IN OBTAINING U.S. REGISTRATION

There are several problems which are frequently encountered by foreign applicants in the course of attempting to obtain U.S. trademark registration. One of the most common problems is a discrepancy between the goods identified in the U.S. application and the goods identified in the foreign registration upon which the U.S.

application is based. The scope of goods set forth in the U.S. application may not exceed the scope of goods set forth in the foreign registration.

A second problem frequently encountered by foreign applicants is the absence of acceptable specimens of use. Where the U.S. application is based upon use in U.S. commerce, the Trademark Act provides that specimens showing how the mark is used in U.S. commerce must be provided as required by the Trademark Office. The statute is unclear as to whether specimens showing use at least somewhere in the world should be provided to support a U.S. application based on a foreign registration or application. After the "Lemon Tree" case discussed above, the Trademark Office invited public comment and deliberated on this question. Following the deliberations, that office decided to retain its practice of requiring such specimens. Accordingly, specimens showing use of the mark somewhere in the world must be provided for U.S. applications based upon foreign applications or registrations.

The best specimens are labels, tags or photographs of the goods or containers with the mark affixed. Display material and instructional material shipped or sold with the goods are usually questioned by the Trademark Office examiners, but are sometimes acceptable. In the experience of the author, the specimens which cause the most trouble are advertising brochures and price lists. Such specimens are not generally accepted by the Trademark Office, which considers them simply advertisements which do not show use of the trademark "on the goods."

Sometimes the problem is not that the specimens are unacceptable, but that they do not cover all goods for which U.S. registration is sought. Actually, an applicant need not provide specimens for each product. However, specimens must be provided for at least one product in each class of goods for which registration is sought.

The other problem frequently encountered in foreign specimens is the use of the encircled R (®)—the symbol of registration in the United States. Once the U.S. registration is issued, it is desirable to display this registration symbol with the trademark on the goods or containers. If it is not displayed, a registrant cannot recover profits or damages for infringement in the absence of proof that the defendant had actual knowledge of the registration. The U.S. registration symbol, however, may not be used before the U.S. registration is issued, even if an application is pending. If the Trademark Office examiner receives specimens showing the registration symbol, he must inquire as to the reasons and circumstances of use. The applicant must provide an explanation showing that there was no deceptive intent involved and setting forth the steps which the applicant will take to eliminate the improper use of the symbol. If the examiner concludes that the registration symbol was used for a deceptive purpose, he may refuse registration.

Sometimes, use of the encircled R by a foreign applicant relates to a foreign registration, not prospective U.S. registration. In this circumstance, the foreign applicant need only set forth this fact in a statement to the U.S. Trademark Office. The foreign applicant need not cease using the symbol in the foreign country involved.

V. USE OF THE MARK IN U.S. COMMERCE SUBSEQUENT TO REGISTRATION

Between the end of the fifth year and the end of the sixth year following U.S. registration, a foreign registrant (or for that matter a domestic registrant) must file a statement that the mark is still in use ore that non-use is due to special circumstances and not any intention to abandon the mark. It is not necessary that this use of the mark be in U.S. commerce. Use of the mark anywhere in the world is sufficient. If no such statement is filed, the Trademark Office must cancel the registration, pursuant to Section 8(a) of the Trademark Act.

While a foreign owner of a U.S. registration does not need use of the mark in U.S. commerce to maintain his registration under Section 8, he must have at least pending U.S. use in order to obtain injunctive relief in an infringement suit in federal court. This is because the Trademark Act provides for injunctive relief only where use of the mark by an infringer creates a likelihood of public confusion. Courts have held that no such likelihood exists where the plaintiff has not used the mark in the geographic location in which infringement allegedly has taken place, unless there is a good prospect of immediate expansion by the plaintiff into that location. Accordingly, a foreign company which is not at least on the verge of use in U.S. commerce probably cannot obtain an injunction in a federal court to restrain trademark infringement.

What about the nationwide constructive use supposedly achieved by registration? The constructive use principle operates as follows: Suppose the foreign corporation obtains U.S. registration based upon foreign registration. Subsequently a U.S. corporation uses the mark in the U.S. Then the foreign corporation uses the mark in the same U.S. location. The foreign corporation may obtain a court injunction against the infringer even though the infringer had the first actual U.S. use date. The foreign corporation will prevail because the foreigner's U.S. registration date becomes a constructive nationwide date of first use.

A foreign owner of a U.S. registration must have actual use in U.S. commerce to achieve incontestability under Section 15. Section 15 provides that in order to achieve incontestability, the registrant must file a declaration that the mark has been in continuous use in U.S. foreign or interstate commerce for five consecutive years and is still in such use. This declaration can cover any five-year period during the term of registration. It is not limited to the five years directly following the date of registration.

Finally, use in U.S. commerce is relevant to registration renewal. The statutory term of registration for both a foreign and a domestic registrant is twenty years. A registration may be renewed for additional periods of twenty years. In order to obtain a renewal, however, a foreign registrant must normally be using the mark in U.S. foreign or interstate commerce. Accordingly, if a foreign registrant has not used the mark in connection with the goods in U.S. commerce, it must normally reapply for registration, rather than file a renewal application. Reapplication is not desirable, principally because the examination process for the reapplication can take over a year to complete. During this time the foreign trademark owner is not entitled to the legal benefits of U.S. registration.

VI. DISTRIBUTION OF THE PRODUCT UNDER THE TRADEMARK IN THE UNITED STATES

The method by which products imported into the United States are distributed depends upon many factors, ranging from chance to the nature of the product. Sometimes distribution under the trademark is extensive, involving transfers of the trademarked articles from importer to wholesalers to retailers to the purchasing public. Other times, the distribution of the trademarked products is quite limited, as where the imported article is a part which is incorporated by the U.S. manufacturer into a finished product which is sold under a different trademark. Some foreign corporations ultimately set up U.S. subsidiaries to import and handle the intial level of distribution in the U.S. Usually, however, the importation and initial distribution is handled by an independent U.S. distributor, at least for the first several years.

In situations where the importer is not the ultimate purchaser of the trademarked product, there is a potential for the loss of the foreign corporation's U.S. trademark rights. This potential loss of trademark rights exists because of the legal principle that the person or entity who owns the trademark must also control the goods. Otherwise, the trademark would not serve the function of assuring the purchasers of a uniform quality of goods.

In a pure distribution system, where no U.S. distributor alters the nature or quality of the goods, the foreign manufacturer is considered to retain the control necessary to maintain its trademark rights. If this is the type of distribution system contemplated by the foreign manufacturer, his interest should be safeguarded by distribution agreements which make it clear that the U.S. distributors may not change the nature and quality of the goods.

Under some distribution arrangements, the U.S. purchaser modifies or completes the imported article and resells the modified or completed article under the foreign manufacturer's trademark. In these situations, the foreign manufacturer does not control the nature and quality of the resold goods. Nevertheless, such foreign manufacturers can maintain their trademark rights by inserting quality control provisions into the U.S. distribution agreements. These provisions should state that the modifications must be made according to standards set by the foreign manufacturer and give the foreign manufacturer the right to inspect the modified goods to insure compliance. Such inspections should be performed on a periodic basis and in a thorough manner.

In structuring quality control arrangements, antitrust considerations dictate some degree of caution. Foreign manufacturers should avoid requiring the U.S. party to purchase items from the foreign manufacturer for use in completing or modifying the exported product. Some courts have ruled that such requirements are "tie-ins" in violation of the Sherman Act, Clayton Act, and Federal Trade Commission Act.

VII. CUSTOMS TREATMENT OF TRADEMARK ROYALTIES

U.S. Customs duties on products imported into the United States can be affected by trademark royalty arrangements. The customs duty depends upon two factors: (1) The value of the merchandise; and (2) the duty percentage (which in turn depends upon the classification for the merchandise). Trademark royalty arrangements do not affect the statutory duty percentage. In the past, however, where a U.S. importer paid royalties for the right to sell imported merchandise under a trademark, the royalty fees were often considered part of the value on which the duties were assessed. The basis for this principle was the contention that such fees were part of the cost of manufacture. This policy was frequently followed not only where the importer paid the trademark royalty fees to the foreign manufacturer but also where the importer paid such fees to a foreign trademark owner who was not the manufacturer (hereinafter "licensor").

On October 13, 1977, the U.S. Customs Service issued a ruling which modified this policy. The ruling provided that usually trademark royalty fees paid by the importer to a licensor would not be considered part of dutiable value. The Customs Service cautioned, however, that where the importer paid royalties in exchange for manufacturing "assists" provided by the licensor to the foreign manufacturer, such royalties would be part of dutiable value. For instance, where the licensor provided information to the manufcturer concerning processes necessary for production, or where the licensor performed substantial quality control testing, for which the royalty fees were considered payment, such royalty fees would be included in the dutiable value of the imported products.

This ruling did not affect treatment of royalty payments by the importer to the foreign manufacturer who was also the trademark owner. The problem with such payments is that there is no conclusive way of determining whether a royalty paid to the manufacturer is in fact a trademark royalty, or part of the product price disguised as a trademark royalty. The Customs Service policy, even under the 1977 ruling, has been to presume that such royalties are in fact disguised partial payment for the

product itself (in the absence of evidence to the contrary) and therefore part of dutiable value.

On July 26, 1979, the President of the United States signed the Trade Agreements Act of 1979. Title II of the Act, which is to take effect on either July 1, 1980 or January 1, 1981, deals with the method of valuing imported products for purposes of assessing customs duties. The new provisions appear to adopt the current policies of the Customs Service with respect to dutiability of trademark royalty payments.

CONCLUSION

The use of trademarks plays an important role in the marketing of goods exported to the United States. A foreign exporter should therefore exercise care to insure that his trademark rights are developed and protected to the maximum extent possible. An understanding of the problems discussed in this article should prove beneficial for that purpose.

Commercial Missions in 1980

The commercial missions from Spain which will visit the United States during 1980, and the cities or areas they will visit, are the following:

Canned Vegetables	United States
Rioja Wines	New York, Chicago, San Francisco
Small Leather Goods	San Francisco
Books	Miami
Wool	United States
Jewelry	California
Iron and Steel Pipe	San Francisco
Hardware	California, Dallas
Machine-Tool Accessories	United States
Automotive Accessories and Components	Chicago
Musical Instruments	United States

FROM "BUSINESS AMERICA," U.S. DEPARTMENT OF COMMERCE

Prospects for U.S. Exports to Spain Remain Strong Despite a Slow Spanish Economy

By Kenneth Nichols

U.S. export prospects to Spain remain strong despite expectations that 1980 will be another year of sluggish economic activity. Spanish GDP is expected to grow by only 1-2 percent this year.

Overshadowing Spain's economic outlook is the prospect of higher fuel oil prices, which already account for more than one quarter of the country's import bill. Also dampening economic prospects are persistent inflation, net domestic disinvestment, and rising unemployment. On the positive side, Spain has continued liberalization of its import regime and foreign investment has continued at record levels.

Despite the government's ambitious goal of holding inflation to 10 percent in 1979, it reached approximately 16 percent last year, virtually the same figure as for 1978. Unemployment took another sharp jump last year, reaching more than 9.3 percent of the labor force, or 1.2 million workers.

Neither private nor public investment recovered last year as hoped, and 1979 was the fifth consecutive year of lower investment in the economy. In contrast to foreign investors' optimism, domestic business remains highly skeptical over the possibility of any rapid economic recovery. Although there was an absence of any 1979 data on overall levels of industrial production and investment, hard-hit sectors include iron and steel, shipbuilding, construction, and motor vehicles.

Spain continued progress last year in reducing its trade and payments deficits although there were signs that export growth and tourist receipts were waning. In 1978, Spain had its first surplus on current account ($1.5 billion) since 1973. Foreign exchange reserves totaled over $13 billion at the end of 1979.

During the first eight months of 1979, total Spanish exports grew by 21 percent over the same period of 1978, while imports increased by only 9 percent. In contrast, Spanish exports to the United States actually declined by 9 percent whereas imports from the United States grew by 7 percent. The United States remained the single largest supplier to Spain in 1979, accounting for some 13 percent of the market.

During the latter half of 1979, much of the attention of the centrist government of Prime Minister Suarez concentrated on the complex problems of regional autonomy for the Basque and Catalan regions with the subsequent adoption of regional statutes. Earlier in the year, Spain held parliamentary and municipal elections which marked the completion of much of the country's political transition.

The United States also remained the single largest investor in Spain last year, highlighted by the General Motors decision to invest some $1.58 billion in plants in Zaragoza and Cadiz. U.S. investors accounted for 45 percent of foreign direct investment in Spain during the first ten months of 1979.

Membership negotiations with the European Communities are continuing. Spain has long had a preferential trade agreement with the Common Market. A similar agreement with the seven-member European Free Trade Association will go into effect in early 1980.

Strong sales opportunities for U.S. manufacturers exist in the following sectors: production equipment for the electronics industry, health care equipment, communications equipment and systems, production process control instrumentation, metalworking machinery and equipment, computers and peripheral equipment, laboratory, scientific and engineering instruments, electronic components, food processing and packaging equipment, and solar energy equipment.

In May, the Commerce Department will sponsor an energy systems technical mission to Spain.

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News in Brief . . .

Spanish Fairs Change Dates

FIMODA, the International Apparel & Children's Wear Fair in Valencia, will be held from September 12th to 15th instead of the 11th to 14th, as previously announced.

EXPO-HOGAR '80 (HOGAROTEL), the National Home, Decoration & Catering Exhibition and International Hotel Equipment Exhibition, will be held in Barcelona from October 18th to 26th instead of November 15th to 22nd, as originally scheduled.

June Footwear Fair Looks to '81

The International Technology and Footwear Fashion Fair, titled MODATECC, which was inaugurated in January, was well received by Spanish and foreign members of the footwear industry. The fair, organized by FICIA, which also conducts the semi-annual International Shoe Fair in Elda (Alicante), is geared to "Pre-Selection," and specializes in the components which enable the footwear industry to project their products commercially.

The next edition of the Fair, June 9th-12th, is dedicated to the advances in technology and fashion for the Spring/Summer 1981 season. Exhibitors from 21 countries will participate.

'Fortune' Magazine Profiles Marimar Torres of Wine Family

The May 5, 1980 issue of Fortune Magazine includes a profile of Marimar Torres of the Torres wine family of Penedes, who is the president, marketing director and only full-time employee of Torres Wines North America, which she operates out of her home in Sausalito, California. When she set up shop five years ago, only about 180,000 bottles of Torres Wines were being sold in the United States. Today, says Fortune, she has "single-handedly encouraged Americans to drink some 840,000 bottles of the clan's products last year," which added "an additional $1 million in revenues for Bodegas Torres, one of the largest family-owned vineyards in Spain," the sales of which Fortune estimates to exceed $30 million a year.

Since taking on the job of selling Torres Wines in the United States, Marimar Torres has assembled a force of forty distributors to handle twelve Torres wines which retail from about $3 to $8 per bottle.

"At a recent Wine Olympics in Paris sponsored by the French gastronomic guide Gault-Millau," the Fortune story continues, "the assembled connoisseurs picked the Torres Gran Corona: 1970 Black Label, retailing for under $8, over some highly regarded French wines, including Chateau-Latour 1970, which sells for as much as $75."

Trade Tasting Features Thirty Rioja Wines

New York wine merchants tasted a comprehensive selection of over thirty different Rioja wines at a recent tasting at the Casa y Circulo Cultural de España, hosted by the Rioja Wine Information Bureau. Several wines new to the U.S. were served for the first time at the tasting designed to acquaint the trade with the wide variety of Rioja wines now available here.

General comments among the more than 150 wine merchants attending were highly favorable, especially of the quality of the wines in relation to their prices.

A variety of promotional material which the Bureau makes available to the retail trade was also displayed.

North New Jersey to Have New Foreign Trade Zone

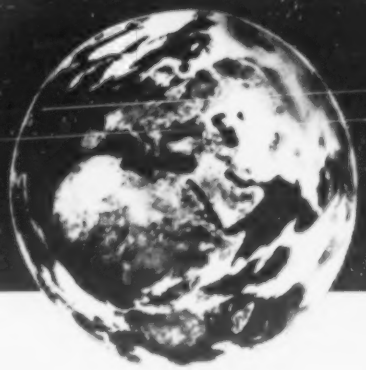
One of the nation's largest foreign trade zones and business parks will be developed in Mt. Olive Township, Morris County, New Jersey, by a subsidiary of Rockefeller Center, Inc. and a corporation owned by Leslie E. Smith Jr., a New Jersey real estate developer. New Jersey's Economic Development Authority will loan $8.6 million for land and site improvement costs.

The 667 acre tract is 35 miles from New York City and has access to port facilities in New York and New Jersey. A development of over 4 million square feet of space is foreseen within ten years.

Although subject to U.S. Customs Service supervision, foreign trade zones are considered outside Customs territory. Goods can be imported into zones without formal customs entry, and importers are permitted to manufacture, assemble, package, store, test, display or do other types of permissable processing in the zones.

For information contact Mr. Ty Maroon, Senior Vice President, Cushman & Wakefield Inc., 1166 Avenue of the Americas, New York 10036; tel. (212) 841-7531. Cushman & Wakefield, Inc., the sales and leasing agent, is a Rockefeller Center Inc. subsidiary, as is Tishman Realty & Construction Co., the construction supervisor.

EL MUNDO DEL EXTERIOR



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Alemania 34. Entlo. D.
Alicante

Electronic equipment:
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Carretera de Cartagena-Buenos Aires
El Palmar (Murcia)

Tablecloths; bedspreads:
Santos Sota
Avda. Pamplona 15, 3° B
Tafalla (Navarra)

Christmas cards:
Sr.D. Enrique G. Rosell
Import & Export
General Mola, 207-3
Madrid-2

Wooden articles for decoration; wrought iron articles:
Tridecor
Zona Industrial Casa Nova de Pujals
Arbucies (Gerona)

Fire extinguishers:
Vilalta Export
Consejo de Ciento 345;desp. 2° B
Barcelona-7

Construction material:
Exportaciones Federico Garralda
Conde de Rodezno, 8
Pamplona

Medical publications; children's magazines:
Ediciones Toray, S.A.
Duero, 6
Barcelona-36

Fluorescent lights; cotton and linen kitchen towels:
Exter-Consulting
c/ Hansa 52-entlo. 3a
Barcelona-15

Paintings:
Loreka
Antonio Quebabil
Carteros 25
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Mueble Auxiliar FEHR, S.A.
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Spain's Exports to the U.S., 1979 vs. 1978

In this tabulation, using statistics provided by the United States Department of Commerce, the first column gives Spain's total exports to the United States during the year 1979, in thousands of dollars. The second column gives the percentage of variation from the year 1978.

	Full year 1979	% Variation from 1978
I. FOOD PRODUCTS	**145,766**	**-6.0**
1. Fish & seafood, except preserved	4,214	-43.8
2. Preserved fish and seafood	10,589	-10.5
3. Marmalades & preserved fruits	10,021	+ 139.5
4. Vegetables, prepared or preserved, including olives	93,171	-2.0
5. Sweets with a sugar base, which do not contain cocoa	3,272	-19.6
6. Coffee, extracts & concentrates	5,502	-35.6
7. Paprika	6,219	+ 51.1
8. Food preparations, unspecified	2,748	-6.0
II. BEVERAGES & TOBACCO	**60,185**	**+ 6.5**
9. Table wines and Sherry	37,992	+ 8.6
10. Sangria	8,819	+ 4.6
11. Brandy and similar	6,101	+ 7.3
12. Processed tobacco	7,067	-2.2
III. RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM, AND OTHER VEGETABLE PRODUCTS	**21,517**	**-7.1**
13. Fluorspar	3,009	-43.1
14. Raw materials of animal origin	2,639	-20.1
15. Gums, resins, natural lacquers	3,004	+ 7.1
16. Other crude vegetable materials	4,716	+ 2.6
IV. PETROLEUM PRODUCTS AND LUBRICANTS	**22,843**	**+ 7.7**
17. Lubricating oils & greases, hydrocarbons	7,019	+ 63.1
18. Residues of petroleum refining	10,910	-26.9
V. OILS & FATS, ANIMAL AND VEGETABLE	**18,784**	**+ 23.6**
19. Olive oil	18,649	+ 22.8
VI. CHEMICAL PRODUCTS	**46,631**	**-8.3**
20. Organic chemical products	12,368	-30.3
21. Inorganic chemical products	12,334	+ 54.4
22. Essential oils & materials for perfumes	11,024	+ 4.2
23. Soaps and detergents	1,564	-75.1
VII. MANUFACTURES AND SEMI-MANUFACTURES	**431,057**	**+ 1.5**
24. Leathers, hides and their manufactures	12,588	+ 38.0
25. Tires	77,821	+ 20.6
26. Manufactures of wood & cork	7,338	+ 8.9
27. Articles of paper and cardboard	8,589	+ 44.1
28. Threads and yarn	2,392	-56.6
29. Woolen fabrics	2,677	-39.1
30. Lime, cement & other construction materials, except tiles	16,419	+ 34.1
31. Tiles	5,616	+ 50.5
32. Glass and crystal articles	4,035	-26.8
33. Pottery articles	9,816	+ 43.1
34. Iron and steel in bars, sheets etc.	144,655	-22.2
35. Nonferrous metals	51,760	+ 20.2
36. Wire, without electrical insulation	12,554	-23.6
37. Screws, nails, rivets etc. of iron, steel or copper	16,236	+ 26.5
38. Hand tools	10,054	+ 11.6
39. Household metal products	15,325	+ 87.4
40. Metal manufactures, unspecified	18,044	+ 25.3
VIII. MACHINERY & TRANSPORT EQUIPMENT	**133,539**	**+ 35.7**
41. Non-electric generators & parts	7,871	+ 53.6
42. Agricultural machinery & parts	7,997	+ 64.0
43. Office machines & parts	6,640	+ 11.3
44. Metal-working machinery	26,175	+ 76.0
45. Textile & leather machinery	6,606	-10.7
46. Industrial machinery	6,048	+ 230.1
47. Unspecified machinery & apparatus and parts	18,407	+ 70.0
48. Electrical generators, commutators and parts	4,421	+ 45.8
49. Household electric appliances and parts	1,116	-37.1
50. Electric machinery & apparatus, unspecified	6,705	+ 30.2
51. Transport equipment	30,409	+ 5.5
51a. Parts & accessories for tractors, vehicles and motors	23,237	+ 23.1
51b. Motorcycles & parts	2,383	-37.3
IX. MANUFACTURED CONSUMER PRODUCTS	**412,664**	**+ 2.1**
52. Lamps and parts	12,140	-3.9
53. Furniture	16,658	+ 3.7
54. Luggage and handbags	7,650	+ 16.2
55. Textile manufactures	3,342	-27.1
56. Manufactured leather products and accessories	4,364	-49.4
57. Manufactured knitwear products and accessories	2,833	-25.2
58. Footwear	285,299	-1.4
59. Printed material	22,248	+ 39.8
60. Games and sporting goods	7,734	-6.4
61. Arms and parts, except revolvers and pistols	4,567	+ 26.4
62. Objects of art and antiques	16,328	+ 80.3
63. Jewelry and costume jewelry	15,293	+ 12.5
64. Other unspecified manufactures	3,378	+ 2.4
X. OTHER PRODUCTS, NOT CLASSIFIED	**17,124**	**-1.3**
65. Special transactions, unclassified	11,268	-2.6
66. Arms of war, including revolvers, pistols, and ammunition	4,278	+ 24.4
67. Estimated value of imports under $251 in value	1,573	-32.5
TOTAL IMPORTS	**1,310,110**	**+ 3.4**

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The Museum of Modern Art, New York

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Spain U.S.

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MAY-JUNE, 1980 No. 111

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4. Outgoing President Feiipe Propper de Callejon Makes His Report to the Annual Meeting.
10. José Maria Figueras: "The Strengths and Weaknesses of the Spanish Economy as Spain Enters the Common Market."
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18. Juan José Toribio: "Spanish Financial Policy and the Peseta Exchange Rate."
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COVER: "Pablo Picasso: A Retrospective" at the Museum of Modern Art, reveals as never before the amazing versatility, range and quality of the production of the artistic genius from Malaga whose work is central to an understanding of 20th century art. See page 40 for more about the exhibition.

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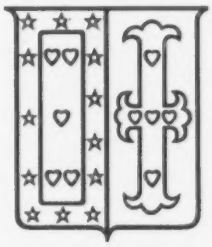

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Frederick Tetzeli Elected President of Chamber

Frederick E Tetzeli, Vice President, Morgan Guaranty Trust Company of New York, was unanimously elected President of the Chamber for a one-year term at a June 27th meeting of the Board of Directors.

Mr. Tetzeli was born in Czechoslovakia and educated there and in Belgium, France, Spain, Portugal and Cuba; he is fluent in English, French, Spanish, Italian and Czech, and less fluent in German, Dutch, Swedish and Portuguese. He studied International Economics at the School of Foreign Service at Georgetown University.

Mr. Tetzeli joined Morgan Guaranty in 1963, and eventually took over the Southern European Business Division. When the bank purchased Banca Morgan Vonwiller S.p.A. (then Banca Vonwiller), he settled in Milan as part of that bank's new management team and was named General Manager in 1968 and Managing Director in 1970. In 1973 he was appointed Head of Morgan Guaranty's European Banking Territory. A U.S. citizen since 1964, he is married and the father of three boys; he resides in Princeton, New Jersey.

At the same meeting, the Directors also unanimously elected the following officers:

First Vice President:
Wayne Fredericks, Executive Director International Government Affairs, Ford Motor Company.

2nd Vice President (re-elected):
S. Robert Breitbarth, Vice President, GK Technologies.

Treasurer:
Andrew W. D'Alessandro, General Manager, Farrell Lines, Inc.

Corporation Secretary:
Luis Benitez de Lugo, U.S. Representative, Banco de Santander.

NEW DIRECTORS ELECTED

At the Annual General Luncheon Meeting of the Chamber, held on June 11th at the Casa y Círculo Cultural de España, the following new members of the Board of Directors were elected for terms of three years.

Javier Aguirre, U.S. Representative, Banco Exterior de Espana.

José Aragones, General Manager, U.S. and Canada, Iberia International Airlines of Spain.

Fred Chase, President, Chase Sales Company.

Antonio Gamiz, President, Spanish Wine Products, Inc.

Frederick E. Tetzeli
President

Pablo Medina, Vice President, Myrurgia Perfumes Distributors, Inc.

Agustin Nuñez Corral, U.S. Representative, Banco Central.

Victor Rovel, U.S. Representative, Eurobuilding Hotel.

Louis Ruggiero, President, Napa-Lana, Ltd.

(Mr. Fredericks and Mr. D'Alessandro were also among the new Directors elected; both had served previous terms as Director.)

Wayne Fredericks
First Vice President

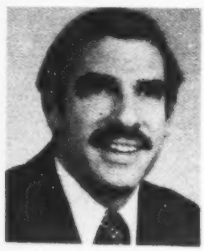
S. Robert Breitbarth
2nd Vice President

Andrew D'Alessandro
Treasurer

Luis Benitez de Lugo
Corporation Secretary

Javier Aguirre

José Aragones



Fred Chase

Antonio Gamiz

Pablo Medina

Agustin Nuñez Corral

Victor Rovel

Louis Ruggiero

The President's Report to the Annual Meeting of the Chamber

The problems of Spain's exports to the U.S. and ways in which the Chamber could help were the focus of outgoing Chamber President Felipe Propper de Callejon's report to the Annual General Luncheon Meeting of the Chamber at the Casa y Círculo Cultural de España on June 11th.

This year we are celebrating the 21st Anniversary—or coming-of-age—of the Spain-U.S. Chamber of Commerce, and as its President it gives me great pleasure to present to you my Annual Report. It has particular significance for me, as it concludes my three-year term in office.

Whereas in prior years it has been my custom to devote some time to reviewing the current economic situation in Spain, I feel it would serve no real purpose to do so today, given the fact that the matter was well covered recently in an address by Mr. Juan Jose Toribio, Chief Economist of Banco Urquijo [See page 18]. Suffice it to say that the world economic situation has consistently deteriorated during the past three years, as nations continued to labor under increasingly difficult conditions, torn between excessive inflation and the growing threat of a recession.

In an effort to come to grips with inflationary pressures, most Western governments, including Spain, have followed a restraining monetary and fiscal policy, which has been conducive to only nominal real economic growth, and if unchecked might well bring about a world recession. Spaniards, unaccustomed as they are to living in a free and competitive economy, are prompt to underscore what is wrong in their country. They complain about too much inflation, too little real economic growth, too high unemployment, excessive budgetary deficits, and finally a government perceived as being too weak and indecisive to deal with the complex polical and economic problems at hand. These same people overlook the fact that Spain has large gold and foreign reserves, that she is the recipient of very substantial foreign investments and tourist income, and that, as Mr. Toribio pointed out, Spanish financial authorities have several policy options for the improvement of her trade imbalances, including the possible downward adjustment of the peseta.

This is not to say that the short-term situation is promising, for it is not. However, Spaniards, and all who believe in Spain's future, must have confidence in her ability to solve her problems. It makes no sense to have her government committed to a free market economy if the Spanish business community is unwilling to make the necessary capital investments to insure the country's long-term growth and success. Each and every one of us in our own individual business should recognize that most opportunities arise in times of adversity such as these. After all, if we look back five years to the end of a political era which had lasted over forty years, we can all say with satisfaction, "We've come a **long** way, baby!"

With this in mind, I would like to focus the thrust of my remarks upon Spanish-American trade, with particular emphasis on the continued declining trend of Spanish exports to the United States, which I view with great concern. Following I would like to submit a number of steps which this Chamber is about to take in order to reverse this worrisome development.

Without belaboring you with endless statistics, Spanish exports to the United States in 1979 approximated $1.3 billion, for a 3% increase in current dollars over the prior year. American exports to Spain, on the other hand, showed a gain of more than 30%, rising to $3.2 billion, thus resulting in what I consider an embarrassing trade deficit for Spain of $1.9 billion, the highest in several years. In other words, Spanish exports to the United States, which at one point four years ago covered her

imports by nearly 60%, only covered them by a little over 40% last year. Whereas Spanish exports to this country once represented 15% of her total exports, last year they barely accounted for 7%. If measured in constant dollars, or physical volume, the degree of decline in Spanish exports to the United States is still more striking.

Though the U.S. is Spain's second most important export market after the European Economic Community, I find it alarming that she sold more goods to France and Germany in 1979 than she did to the United States. While in recent years Spanish businessmen have made a considerable effort to expand their export markets to South America, the Arab world, and even Japan, it seems to me that they are making a mistake if they continue to overlook the United States, with its 220 million people, including over 20 million of Hispanic descent.

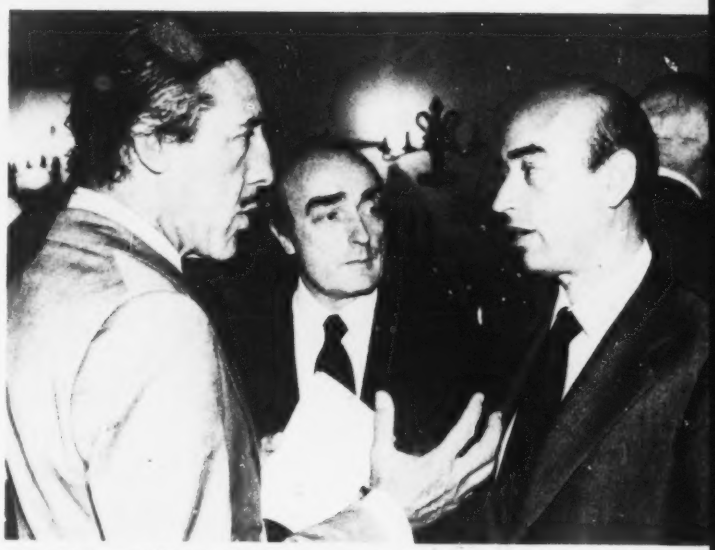
A brief analysis of the composition of Spanish exports to the United States leads us to the same conclusions we arrived at last year:

1. Over-concentration. Ten product classifications account for approximately 70% of total exports to the U.S. Of them, footwear was by far the most important, followed by iron and steel goods, tires, and other basically commodity-type goods (with the exception of wines and olives). These are all highly competitive, price-sensitive exports. Though sales, for instance, of Spanish footwear last year were about equal with 1978, unit sales were down almost 30%.

2. Changing composition. Manufactured and semi-manufactured industrial and consumer goods have now become Spain's leading exports; furthermore, machinery and transportation equipment, mostly automotive, is the fastest-growing general product classification. Consumer products, including food and wine, no longer play the dominant role in Spanish exports that they did a few years ago. This change in the composition of Spanish exports to the U.S. is an interesting development. It should be recognized, however, that here again if Spain is to remain successful her products must be competitively priced and have technical excellence.

3. The nearly complete absence of finished consumer goods such as ready-to-wear and leather fashion goods, which just a few years ago were important exports to this country, is a most regrettable development. Price competition, the inability to develop prestige-type labels, as the French have been able to do, simply drove Spanish goods from our market. With the exception of some wines and a few other products, Spanish goods have little brand recognition, and hence are vulnerable to foreign competition.

Just what is holding back Spanish exports to the U.S.? This is a complex question, which has no easy answer. However, based on my personal experience, it seems to me that **price** is the single most important negative. The relative strength of the peseta, combined with the weakness of the dollar, has not and does not encourage



Consul General Rafael de los Casares, José Aragones, and Ambassador José Llado, at the Annual General Luncheon Meeting of the Chamber.

American importers and Spanish exporters to do business. Our Chamber has brought this matter to the attention of Spanish trade officials, in the hope that they will ultimately adjust the peseta exchange rate to a somewhat more realistic level, but so far there has been little change. I am concerned that if the situation is not remedied, given the current weakness of the U.S. economy, Spanish exports to the U.S. will continue to decline in 1980.

While this Chamber is powerless to improve the price competitiveness of Spanish goods, I believe there are a few constructive steps which it can take to help our members who are engaged in Spanish-American trade.

In my conversations with Spanish exporters during the past three years, I have found that basically most of them have very little real knowledge or understanding of the U.S. market, which seems to them remote, complex, and at times unfriendly. As I told you last year, there is a need for a major educational process directed to would-be Spanish exporters. You will recall that we tried last year to organize in Madrid a seminar on the U.S. market; and while we received official blessings, the project was abandoned, for there simply was not enough interest.

This year your Chamber organized a sales seminar here for the benefit of the Galician fish-canning industry. In spite of the subway strike, it was reasonably well attended, and its success should encourage future events of this kind. One leading exporter who attended told me after the meeting that he had not been aware of the importance of the "gourmet food" industry in this country; and after visiting a shop with me he became convinced that his products had the quality and diversity to compete effectively with other foreign delicacies. As a result, he called on one of our members who runs an

At the Annual Meeting, a round of applause for the newly elected Directors (standing).

advertising and P.R. company, and asked him to submit a sales promotion program. We are now awaiting his reply. This is only one of many examples that I can cite to you. I am likewise reminded of a Spanish manufacturer of a home appliance, who was reluctant to enter the U.S. market because he felt he could only sell a few thousand units a year; he was persuaded to do so, however, by one of our enterprising members. To the manufacturer's amazement, he has sold nearly 100,000 units during the first two years.

To help accomplish this educational process, your Chamber has initiated the following three steps:

1. We will reactivate the all-important "Trade Committee," and I have asked Mr. Jose Caragol to head it. This Committee, comprised solely of merchants, will be responsible for keeping informed of changing American markets, in order to advise Spanish trade officials and exporters. The Committee, which will meet frequently, will be available to answer trade-related questions from would-be Spanish and American exporters, and will endeavor to find solutions for specific problems. If effective, this Committee could well become our most important one.

2. At the suggestion of our friends at the Spanish Commercial Office in New York, our Chamber is working on an informational brochure, which we plan to distribute widely to would-be Spanish exporters. It will provide them with all the basic information they may require in considering the advisability of opening a sales office in the Big Apple. They will no doubt be surprised to learn that many services in our town are now cheaper than in Spain!

3. Regular meetings with the Spanish Commercial Counselors in New York have recently been intensified. They have proven useful as a means of coordinating trade-related matters, and we welcome them.

I trust that these steps will ultimately lead Spanish exporters to a better comprehension of our markets, while providing American importers with a greater understanding of Spanish products, for the benefit of all concerned.

That is what our Chamber is all about!

The 1979-1980 year, which celebrates the 21st Anniversary of your Chamber, has been a busy and constructive one, thanks in no small measure to our dynamic Executive Secretary and his competent staff. Over 8,400 trade inquiries were answered, more than 10,500 letters were processed, and 5,200 Certificates of Origin were legalized; in all three cases, it represented a slight increase over the prior year.

Our Chamber's main asset, namely its membership, remains strong and loyal, and in the aggregate continues to show moderate growth. Earlier this year, your Board approved a new classification known as "Sustaining Members," and I am happy to report than 24 institutions have agreed to join this category of membership. We continue to have approximately 300 Regular Members in this country, while our Associate Members in Spain now total 353 vs. 330 a year ago.

Your Chamber's finances remain sound, but ever-increasing operating costs are forcing us to review the need to increase certain dues. For the most part, it should be noted that our dues, which have no been raised in nearly a year and a half, are lower than those prevailing at other leading Chambers in New York.

The following Chamber activities were held:

Thurs., Sept. 20, 1979: Luncheon in honor of Mr. John J. Zaic, Consumer Safety Officer of the Food and Drug Administration.

Tues., Nov. 13, 1979: Luncheon in honor of Mr. Antonio Garrigues Walker, Senior Partner of J. & A. Garrigues, Madrid.

Tues., Nov. 27, 1979: Luncheon in honor of Mr. Howard H. Kehrl, Executive Vice President of General Motors Corporation.

Thurs., Jan. 10, 1980: Luncheon in honor of Mr. Juan Miro, Director General of Union Explosivos Rio Tinto, S.A.

Wed., Feb. 20, 1980: Farewell Luncheon in honor of Mr. Ramon Boixareu, outgoing Commercial Counselor of Spain in New York.

Thurs., Feb. 28, 1980: Luncheon in honor of Mr. Rafael Bermejo, President of Instituto de Credito Oficial.

Fri., April 11, 1980: Working session of U.S. importers and Spanish exporters of canned fish from Galicia with FDA officials, followed by a Tasting of Spanish canned fish products from Galicia. This is the first event of its kind held by our Chamber.

Sat., April 12, 1980: Annual Dinner-Dance commemorating the 21st Anniversary of the founding of the Chamber, featuring "A Salute to the Region of Galicia," and honoring her fish canning industry.

Thurs., May 8, 1980: Luncheon in honor of Mr. Juan Jose Toribio, Chief Economist of Banco Urquijo.

Tues., May 27, 1980: Luncheon in honor of Mr. Jose M. Figueras, President of the Superior Council of the Cham-

Treasurer's Report

Spain-U.S. Chamber of Commerce, Inc.
Balance Sheet
as at December 31, 1979

ASSETS

Cash:		
United States:		
Checking Account	$ 8,905.21	
Savings Account	1,338.26	
Term Certificate of Deposit	50,000.00	
Spain (Note 1)	499.00	
Office Petty Cash Fund	100.00	$60,842.47
Accounts Receivable		1,977.56
Refundable Deposit		35.00
Furniture and Fixtures	21,229.02	
Less: Reserve for Depreciation	8,310.16	12,918.86
TOTAL ASSETS		$75,773.89

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	$ 236.36
Operating Fund Balance	75,537.53
TOTAL LIABILITIES AND OPERATING FUND BALANCE	$75,773.89

NOTES TO FINANCIAL STATEMENTS

NOTE 1: Cash on deposit in the Spanish Bank was converted at the rate of 66.149 pesetas to one U.S. Dollar.

NOTE 2: Dues from associate members located in Spain are remitted directly to the Spanish Bank in which an account is maintained by the organization.

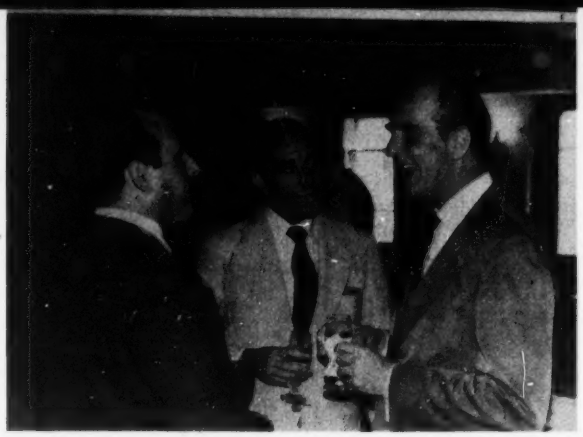
Statement of Operations and Fund Balance for the Calendar Year ended December 31, 1979

INCOME:		
Membership dues:		
Regular members	$43,675.12	
Associate members:		
Domestic	2,462.50	
Spain (see Note 2)	10,784.52	$56,922.14
Banquets and luncheons net		6,426,92
Bulletins net		39,286.12
Certificates of origin		9,560.15
Sundry income		2,818.91
Total income		$115,014.24
EXPENSE:		
Office salaries	$53,489.92	
Payroll taxes	4,370.82	
Hospitalization	678.56	
Insurance	305.17	
Pension plan contribution	3,500.00	
Rent and utilities	12,207.94	
Telephone	2,880.01	
Travel and public relations	4,117.50	
Professional fees	650.00	
Postage	3,849.13	
Stationery and printing	3,022.05	
Machine repairs and maintenance	353.01	
Dues and subscriptions	263.26	
Advertising	300.00	
Machine rental	953.04	
Bookkeeping and clerical services	3,820.50	
Miscellaneous	8,559.33	
Depreciation	2,122.90	
Total expenses		105,443.14
Net Income		$ 9,571.10
Operating fund balance beginning		65,966.43
OPERATING FUND BALANCE END		$75,537.53

bers of Commerce, Industry and Navigation of Spain.

During the past year, your Chamber was also active as follows:

- A special committee was formed to review all membership annual dues.
- The Investment in Spain Committee continued its efforts to encourage direct American investments in Spain. At this time we are providing data on Spain to three American multinational companies.
- A special committee was instituted to study the possible role that our Chamber could play in the promotion of Spanish products and services in the U.S. in connection with the World Soccer Cup matches to be held in Spain in the summer of 1982.
- Last but not least your Chamber helped to bring about the creation of the Spain-U.S. Chamber of Commerce in Miami, which will be inaugurated on June 20th. Miami is becoming an increasingly important commercial and financial center. Because of its strategic location, a growing number of Spanish banks and corporations are establishing themselves there as a means of reaching South American markets. We feel confident that our sister Chamber will prosper, and look forward to a mutually beneficial association. The person most responsible for its creation, its newly-elected President, is with us today, and it gives me great pleasure to introduce to you Raul Valdes-Fauli. I would also like you to meet his law partner, John Aurell, who came from Miami purposely to be with us today.



Raul Valdes-Fauli, President of the new Spain-U.S. Chamber of Commerce in Miami (left), with Chamber Executive Director Mariano Baguena and Francis Bessenyey.

As you can see, and as I have stated repeatedly in the past, ours is a young and dynamic Chamber.

Before concluding, I wish to add that your Chamber could not function effectively were it not for the dedication and interest of our directors. During my three years in office, I came to appreciate their suggestions and guidance, and am very much in their debt. I should like to thank all of the Directors who worked with me since 1977—and particularly those who are retiring with me this month. I extend, along with my congratulations, a warm welcome to our new Directors.

During my three years in office, I realized repeatedly how very fortunate we are to have such an outstanding Executive Director in the person of Mariano Baguena. Presidents come and go, but thank goodness Mariano stays on. Hard working, diligent, enthusiastic and competent, he has been of invaluable help to me, and kept me out of trouble more than once! All my warmest thanks and gratitude go to you, and to your staff, including Karen Verga, Maria Iglesias, and Mercedes Torres.

We are all well aware that year in and year out our Chamber receives the support of Spanish officials in the United States. During the past three years, I have learned just how valuable this support can be. The Directors and members of this Chamber join me in extending our warmest thanks and gratitude to H.E. Jose Lladó, Ambassador to the United States; the Hon. Rafael de los Casares, Consul General in New York; the Hon. Ricardo Cortes, Commercial Counselor in Washington, D.C.; the Hon. Rafael Aguilar and the Hon. Luis Sempere, Commercial Counselors in New York. Vuestra constante y valiosa colaboración ha sido para mi no solo muy util sino también motivo de gran satisfacción, y aprovecho esta ocasión para agradecerlos profundamente.

Finally, a word to all you wonderful members. Working with you has been one of the most stimulating experiences of my professional life, and I am most indebted and grateful for your support. I know that you will provide my successor with the same support.

As I look back upon my past three years as your President, I see a number of things which we failed to achieve, but I also see several things which we did accomplish. As a result, I believe we can look forward to the future with confidence. There is an undeniable and growing community of interest between Spain and the United States, and I am confident that political and commercial relations between both countries are bound to grow in coming years.

Our Chamber can be both a promoter and a beneficiary of this opportunity. Let us continue to work together! □

Luis Bonel was among outgoing Directors receiving Certificates of Recognition presented by Ambassador Lladó.

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By JOSE MARIA FIGUERAS
President, Superior Council, Official Chambers
of Commerce, Industry & Navigation of Spain

The Strengths and Weaknesses of the Spanish Economy as Spain Enters the Common Market

Economically, Spain's integration into the European Economic Community has already been substantially accomplished, Jose Maria Figueras told a Chamber luncheon in his honor on May 27th at the Hotel St. Regis. "Legal integration," he said, "will consolidate our presence in the free world, independent of purely economic considerations."

I will try to explain how I see the future of our economy from the point of view of the integration of Spain into the European Economic Community and the conditions under which this process is coming about, as well as the consequences which will arise from it.

I realize that the circumstances require that my words be brief; for that reason I will avoid giving a history of the relations between Spain and the EEC. I only want to point out that the official application for membership was presented by the Government of Spain in 1977, and that the actual negotiations were initiated in September of 1979. Although these negotiations have not been finalized and crystalized into an agreement — which I do not see happening before 1984 — the economic relations between Spain and the EEC are ruled by a Preferential Agreement of 1970.

The traditional thesis explaining why Spain has not already been integrated into the EEC was based on the fact that the previous political regime did not meet the conditions of the democratic political systems of the EEC countries; and for this reason, until now it has been said that the economic problems were exclusively technical ones, some of them difficult, but in any case always minor questions.

As you know, the political obstacles have been overcome with the establishment in Spain of a new regime of democratic character, with a new constitution, and with representatives of the Spanish people recently elected at national and municipal levels.

In my country all the parliamentary, business and trade union forces have come out in favor of integration into the EEC, which demonstrates a rare unanimity, which is the consequence of a sincere European vocation. However, I must point out that these pro-integration attitudes were based more on politics and history than on profound economic calculations.

Until now in Spain, to be European was the equivalent of opposing the previous regime. From now on, political reasons have lost importance; our country does not require any type of democratic confirmation, and thus strictly economic considerations take the leading role.

In my capacity as president of the Superior Council of the Chambers of Commerce of Spain—which represent the general economic interests of my country, which are distinct from those of government and also from those of the employers and the trade unions—I should say that on the theme of integration, a calm appraisal is necessary, a search for solutions for problems, and a concrete analysis of the costs, without prejudicing our attitude with other arguments. For this reason, I would like to make some observations which will help to evaluate seriously our integration theme.

In the first place, we must analyze the capacity of the Spanish economy to resist the industrial and agricultural competition of the other countries as a consequence of the creation of a single market.

In the second place, it is necessary to analyze the capacity of the Spanish productive system to redistribute its forces among the various production sectors.

In order to be able to evaluate these two questions I want to present some data. In 1960, the proportion of the active population devoted to agriculture was 39%, whereas today it is only 18%. In 1960, 50% of our exports were composed of agricultural products. Today this figure is only 20%. For more than ten years Spain has grown

INTENTIONAL
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The EEC: To Join or Not to Join?

CHAMBER PRESIDENT PROPPER INTRODUCES JOSE MARIA FIGUERAS

To join, or not to join? That is the heated question which Spaniards are asking themselves when discussing Spain's eventual relationship with the European Economic Community, or Common Market, as it has come to be known. Those who contend that she should, agree with President Suarez, whose Government formally applied for Spanish membership in 1977; they make the point that Europe never did stop at the Pyrenees, and that Spain is very much part and parcel of the European continent. For once, they add, she has a democratic government which is well regarded abroad; she should take the big step and integrate herself with the Common Market countries—which, incidentally, contribute the greatest share of her international trade.

Those who argue that she should not, go to great lengths to explain that Spain is "different." Although she is geographically part of Europe, historical circumstances, combined with her culture, have oriented her toward spheres of influence which no other European nation fully shares. They say that Spaniards are a proud and individualistic people who, given their current problems of coping with regionalism issues at home, would find it difficult to give up some measure of independence to a remote multinational authority. Moreover, they fear that Spain's new political institutions and her less-than-competitive economy would be hard pressed to resist the pressure which are bound to originate from full integration. The Common Market, they say, is more than just a customs union encompassing over 260 million people—it is a commitment to full economic integration, to a single monetary system, and eventually to political unity. Spain, they claim, may not be ready to make such a big jump, after having spent so many years in political and economic isolation.

It seems to us that both points of view have more than passing merit, and it is hoped that the Spanish leaders who have the difficult task of negotiating Spain's entry into the Common Market by 1983 will bear them both in mind. Spain is undoubtedly part of Europe, yet Spain *is* different; and it could well be, in coming years, that her sphere of political and economic influence outside of Western Europe may be growing faster than that of any other European Common Market member. The emerging strength of the Hispanic world in both South and North America is a phenomenon that Spain cannot overlook, for she can and should play a crucial role in bringing forth its development. Therefore, before she decides to join the Common Market to become just another member, she would do well to consider carefully other alternatives.

As the Western world continues to face increasingly difficult political and economic times, which are bound to lead to a resurgence of trade protectionism, Spain should weigh very carefully which direction to take. If she is to join the Common Market, the timing must be right; moreover, if she is to accept some sactifice as a condition of entry, the advantages she is to receive in return must be perfectly clear and well spelled out. Otherwise, she may wish to reconsider—for bad economics breeds bad politics, and Spain cannot afford either one.

To tell us about the possible impact of Spain's entrance into the European Common Market on various segments of its economy, we are fortunate to have as our guest of honor a man who is knowledgeable on the subject. In his present position, he heads an association of 85 Spanish regional Chambers of Commerce, which represent 1.3 million Spanish firms, and thus he has a good overview of the issue which interests us.

Jose Maria Figueras was born fifty years ago in Cataluna, holds a law degree from the University of Barcelona, and is a graduate in Political Science and Economics of the University of Madrid. He also attended the School of Political Science at Georgetown University. In 1979 he was elected President of the Barcelona Chamber of Commerce, and then President of the Catalonian Chamber; shortly thereafter he was elected to his current responsibility as head of the Executive Council of the Official Chambers of Commerce, Industry and Navigation.

Mr. Figueras is a Director of the Institute of Economic Investigation of the Catalonian Generalitat, or Parliament, and is President of the Spanish Fashion Chamber and sits on the Council of the Port of Barcelona. He is a board member of several important Spanish firms, and in addition to being a historian and social researcher has found time in which to write a book, *What is Capitalism?*

more rapidly than the other OECD countries, except Japan, and has come from being a predominantly agricultural country to an industrial one. All these changes in our economic system have required a redistribution of our means of production and an important assimilation of technological change; and in my opinion this demonstrates that Spain has the capacity to adapt to changes and inevitable transformations, and that the fundamental question is not whether we are capable of adjusting—which has already been demonstrated—but the rhythm and the conditions under which we will have to adjust. The manner of accomplishing the adjustment we will discover as a result of the negotiations in progress.

In the third place, I would like to de-dramatize and separate the legal and political themes from the economic ones, and point out that independent of formal integration there is a de facto integration between Spain and the EEC which is already more important. In 1965—that is to say before the preferential agreement, the Community accounted for 48% of our total imports, and on the export side the figure was 55%. Today the proportion of our exports if 46%, the ratio having diminished somewhat as a consequence of our vigorous imports. At the same time, the percentage of Spanish sales to the EEC is practically equal to the average of intra-Community exports. All this is to say that there exists a high level of commercial integration in fact, independently of the agreements which we might sign.

If we now analyze this de facto integration, not in the area of commerce but in the factors of production, we will see that, as a consequence of the liberal legislation in my country, European capital has moved toward Spanish industry; and that these movements of capital have taken place with the same facility with which they have developed in the intra-Community countries. The movements of capital from Spain to the Community have been much less, but this has not been because of legislative reasons but is due to the fact that our country is a net importer of capital.

In a similar fashion, it is possible to analyze the important movements of workers, which have resulted in the fact that a million Spaniards work presently in the EEC.

In summary, the integration of Spain into the EEC need not be considered as a radical change in the present situation. The economic integration of today is independent of legislative integration. Our integration, on the other hand, has not affected the economic relations between Spain and the United States but has favored them; since independent of the figures of our mutual commerce, I must point out that the great thrust which has taken place and is taking place in U.S. investments in Spain, precisely because in making the decision to invest, a calculation of the future European market was made, taking as a base the Spanish market. I would say that legal integration will consolidate our presence in the free world, independent of purely economic considerations.

Now let us look briefly at the problems of integration. In my opinion, the principal advantage of integration is that it presupposes the consolidation of a market economy in my country. For a few years, governmental policy has been to try to liberate the Spanish economy progressively from the former interventions, and appreciable progress has been made. Thus, for example, the movements of prices and interest rates have been liberalized; our labor legislation has been made more flexi-

Above, at the luncheon in honor of Juan José Toribio, Chamber President Propper with two Chamber "founding fathers," John Codina (left) and Jesus Azcarreta. At left, Mr. Toribio (right) makes a point to John Davis Lodge, Honorary Chairman of the Chamber.

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ble; tariff protection has been reduced; and quantitative restrictions have been eliminated. The culmination of this process is the integration into the EEC, and therefore what concerns me is the appearance within the EEC of protectionist movements which could go against the lines adopted by my country, which I judge to be the correct one.

As for the adaptation of our industry, I believe we must distinguish between the general problem and that of the sectors in crisis. It is evident that in the sectors in crisis a concerted plan of action and a coherent policy are required. As for the general case, the restructuring of our industry—which has been progressing for several years, as we said before, it should continue at an intensified rate. The advantage of integration is not that of forcing specialization, but of making it more fluid and less costly. The economic and social costs will be as much a function of credit as of the flexibility with which it will operate in the production factors market.

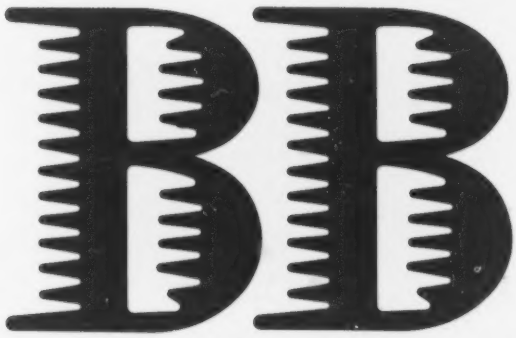
It appears that it is in the field of agriculture that there will be more difficulties, although these do not come from our country but from the agricultural policy of the EEC itself; with the entrance of Spain this policy must reestablish its method of operation, but we think that this reestablishment of the Community agricultural policy will not be forced by the entrance of Spain alone but by its own economic evolution. The recent statements of Mrs. Thatcher indicate that Spain is not the only country which foresees problems with the agricultural policy of the EEC.

Another question which preoccupies Spaniards, and which the Americans look on with approval, is the obligation which Spain will assume on integration of adopting the Value Added Tax in place of the Cascade Tax which we presently have. It is not true that our present indirect fiscal system involves subsidies to exports, and we have explained this many times; but it is not to be doubted also that the adaptation of an economic system to the VAT produces a short term inflationary effect and a great complexity which oblige us to be very cautious. Our reasoning on this subject is very clear: we want a transition period of adaptation which will be utilized to adjust the financing of Social Security, so that the financing of Social Security will not be reflected so much in the costs of business and more in the State budget; Social Security should not appear, as happens today in Spain, as a tax on employment. It is evident that during this transition period our country will be integrating into the group of developed countries which operate under the sign of Value Added, which will facilitate the discussions which the Spanish and American administrations are carrying on regarding the exports of certain Spanish products.

Finally, I would like to point out that the principal problem of integration is timing. It is evident that my country and all the Western economies are experiencing difficult times and moving under the threat of a generalized crisis. To accomplish integration in this context is always more difficult than in a boom time, but I have no doubt that all our process of integration must take place in time of crisis.

I don't know if this brief sketch has served to give you an idea of my position on the integration of Spain into the EEC. Trying to summarize and conclude, I would say that my position will always be positive, since my country needs a larger market in order to gain a productivity and a competitiveness suitable to a developed country of the free world. We know that integration will bring problems and that we will have to make sacrifices, and thus throughout this discussion I have sometimes been critical and at other times I have made conditions. We believe, however, that we will achieve a balanced agreement in which costs and benefits, returns and sacrifices, will be equitably distributed.

Only in this circumstances will we experience our integration, and in this way we will complete an economic reality which already exists and formally consolidate our position as members, we Spaniards along with you Americans, of the free world. □



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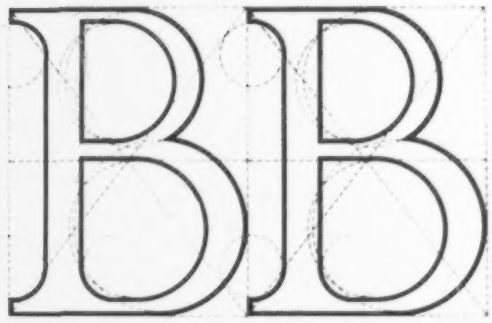

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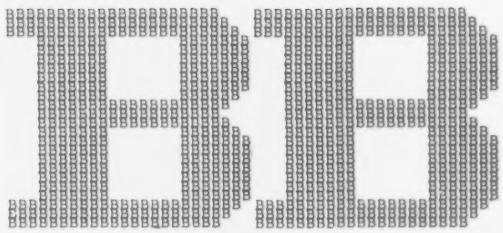

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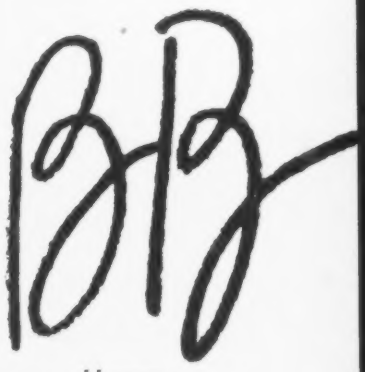

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At left, in the tablao "Villa Rosa" in Madrid.

FROM THE SPANISH NATIONAL TOURIST OFFICE

How to Go to a Flamenco Show

By CHARLES OCHELTREE

Going to a flamenco show is as much a part of a vacation in Spain as going to the Prado Museum. Most visitors would be embarrassed to have to say they didn't see any flamenco at all during their trip—especially when the whirling dancers, clicking heels and classic guitar chords have come to mean Spain to the world. Little flamenco dolls and colorful flamenco posters are sold everywhere, as are basket loads of castanets and other paraphernalia. Flamenco is virtually inescapable.

Seeing a live Spanish flamenco show can be made a lot easier when you know what to expect, rather than expecting what will not be. Here are some hints to get you through the quagmire that could pull the boots off even the fast-footed flamenco stepper out strutting his stuff on stage.

The show you go to should be at a "tablao" (flamenco cabaret), not a nightclub with a flamenco show. In a "tablao," the only entertainment is flamenco—not a diluted program designed to eat up your hard-earned money. Tablaos are listed under the 'Sports and Shows' section of the 'Datos Informativos' brochure distributed free by local tourist offices in every sizeable city of Spain. Other city guides, phone books etc. list flamenco shows under "tablaos flamencos." So be careful to find the real McCoy before you go.

Tablaos are very popular, making reservations a necessity. The concierge in your hotel can make reservations for you, or you can call directly. Optional tours to a flamenco show are also sold in most hotel lobbies, simplifying the process even further; however, they are slight more expensive than if you did it on your own, and in many cases you would wind up in a nightclub with a brief flamenco display rather than in a tablao.

Most tablaos have two shows during the course of an evening. The first is a dinner show which starts about ten o'clock. The late show beings sometime after midnight. For both shows a cover is charged, usually about $10 per person. Old timers will tell you that the second show is the better of the two because the dancers have been able to get their gypsy blood flowing and their legs limber by that time. In addition, the crowd at the second show is smaller, more knowledgeable of flamenco, and more easily involved in the action on stage than the tourist crowd at the dinner show.

It is possible by attending the dinner show to linger through the late show and see two performances in the same evening, without having to pay a second cover charge. The late show can carry on into the wee hours of the morning, so if you intend to see two shows, plan for a very long night.

In Spanish, a flamenco show is called an "espectaculo"—a spectacle—and that is exactly what you will get. A show can involve upwards of two dozen people—several guitarists, several singers, a bevy of dancers, a handful of "stars," and changes of costume. It is fair to think of a flamenco show as a type of theater, but in more intimate surroundings. And bear in mind that the more lively and involved the crowd becomes, the more apt the performers are to give it their all.

In watching a flamenco performance, the colors and costumes have a tendency to overwhelm the viewer and to distract attention from the business at hand, which is the dance element. The feverishly staccato movement of their heels is where a real gauge of the dancers' skill is found. The closer to the stage one can sit the better the view of the dancers' feet and the more your overall enjoyment of the show.

When budgeting your vacation, you must think in terms of $50 per couple as a safe figure for an evening at a tablao, including dinner. Drinks can be expensive when bought individually. The best buy is a bottle of wine, which can be nursed along during the course of the night. For dinner, the day's special menu is less expensive than ordering a la carte.

Choosing the best tablao in any city is a matter of personal preference. Prices will not be a factor in your decision, as they vary only slightly between tablaos. Ask the concierge, friends who have preceded you, or even waiters in restaurants, for their favorites. Then try to find the most intimate, least "touristy" establishment suggested. Atmosphere and clientele can make a huge difference in the experience a flamenco show offers—an experience and an evening that will stand out in your memory for many years to come. □

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By JUAN JOSE TORIBIO
Chief Economist and Director,
Banco Urquijo

Spanish Financial Policy and the Peseta Exchange Rate

The successes and failures of Spanish monetary strategy in stabilizing the Spanish economy were analyzed in this detailed and informative talk which Mr. Toribio, "a keen observer of the Spanish economic scene," presented at a Chamber luncheon in his honor on May 8th at the Waldorf Astoria.

Let me, in the first place, express my deep appreciation to the Spain-U.S. Chamber of Commerce for offering me this opportunity to speak to such a distinguished audience about a topic which may be a matter of interest in the immediate future, both for Spaniards and for all our our friends interested in the evolution of the Spanish economy.

Perhaps the most frequent and fascinating experiences I had during my recent job as General Director for Financial Policy in the Spanish Government were related to the public's concern over the exchange rate for the Spanish currency. Whenever I was asked about a revaluation or devaluation of the peseta, I would usually exclude the possibility of a dramatic movement in either direction, arguing that we live in a world in which exchange rates no longer depend on sudden and arbitrary decisions of financial authorities but, to a larger extent, on market forces. "You probably know better than I do what the future of the peseta is," I would usually say—"just look at the markets."

It was always clear, however, that the inquiring person did not believe in my words at all, and remained benignly skeptical of the answer, probably thinking that my responsibility was precisely to deny any rumor or gossip about exchange rates. We say in Spain that when you meet a Galician on a stairway you will be unable to discover whether he is going up or down, such is his ability to avoid precise commitments. My tragedy as a politician was probably that, being born a Castilian, not a Galician, I was supposed to be a little more precise in answering difficult questions. But then, how could a public officer like myself be sincere and at the same time generate credibility on exchange rate problems?

I am no longer in public administration but in the banking business, and of course I remain a Castilian for life. Nevertheless, my answer to anyone concerned about the future of the peseta exchange rate is still the same: "Look at the market forces." The Spanish financial authorities are sincerely committed to a floating peseta within the limits usually accepted in most western economies today. This does not mean an absolutely clean flotation, of course, but it at least implies a smooth adaptation of the exchange rate to basic trends in the market. And I think our job here this afternoon should be to analyze those market trends, trying to derive relevant conclusions from them.

We should admit that the peseta is exchanged in a market which, due to legal limitations, has become very narrow. As you know, the "Law of Monetary Felonies" of 1938 is basically still alive, despite recent and minor amendments to its provisions. That Law, passed at the time of the Civil War, prevents a number of operations in foreign currencies unless explicit permission is granted by the monetary authorities. And even though both the Bank of Spain and the Ministry of Commerce are following a more liberal attitude than in the past in applying their discretionary powers, Spain is still far from abso-

José Maria Figueras (right) at the luncheon in his honor, with Chamber Corporation Secretary David Askren.

Mr. Propper Introduces Juan José Toribio

When historians, many years from now, focus their attention upon our times, they will probably shake their heads in disbelief. "How," they will ask themselves, "did the industrialized nations of the world get themselves into such a political, economic and monetary predicament?" They may well marvel at the ability we had to extricate ourselves from one crisis, only to head into another. They will probably conclude that rich or poor, powerful or weak, practically every nation had negotiated itself, by 1980, into a frustrating "no-win" situation. They will note that at about that time, in an effort to control growing inflationary pressures, most governments had been obliged to take strong monetary and fiscal measures, which in turn had a depressing impact on already sluggish economies. To make matters more difficult, most if not all the leading industrial nations in 1980 were facing deficits in their balances of trade, largely as a result of the ever-increasing price of imported oil.

If one of these future historians takes a look at how Spain was faring during these troubled economic years, he probably will conclude that she had done reasonably better than could have been expected, given her special, delicate circumstances. During the late '70s, the drastic fiscal and monetary policies instituted by the Spanish government helped cut inflation in half; foreign reserves increased dramatically to an all-time high in excess of $15 billion—which at that time more than covered her public and private external debt; and despite well-publicized internal political and economic problems, the peseta managed to remain quite strong in relation to the dollar. These were outstanding achievements—although unfortunately the relative strength of the peseta contributed to making Spanish exports to the United States less competitive, a situation which this Chamber deeply regrets.

Our historian will doubtless have been impressed by the high level of foreign investments which at the time were being made in Spain—an indication that foreigners at least appeared to have greater faith in her future than many of her own influential citizens. We can no longer benefit from the hindsight of our future historian, so the big question is: What is in store for the Spanish economy for this year and beyond?

We are fortunate to have with us not a historian but a distinguished economist, who will give us his views of current Spanish economic policy and what may be around the proverbial corner. His opinion should be well worth listening to, for over the years he has gained a reputation for being a keen observer of the Spanish economic scene.

Born in Valladolid in 1940, Juan José Toribio graduated from the University of Barcelona with a degree in Economics, subsequently attended the Harvard Business School Teaching Program, and went on to get his Doctorate in Economics from the University of Chicago. Upon his return to Spain he became a Resident Economist with the Bank of Spain. For several years he taught at the Instituto Español Superior de la Empresa, a leading Spanish graduate business school, and from 1977 to 1979 he was Director General for Financial Policy at the Ministry of Economics. Presently he is a Director of Banco Urquijo, which is Spain's foremost merchant bank, with a growing activity in many foreign countries. □

lute liberalization of exchange controls; if they were removed, it would necessarily give rise to a wider setting for transactions in foreign currencies. But even in its narrow way, the market for the peseta exists and works, and it is necessary to follow its basic tendencies if we are to make significant forecasts about the future exchange rate.

Those basic trends are obviously dependent on the behavior of the Spanish **balance of payments,** both on current and capital accounts—which in turn depends very closely on the domestic level of **absolute prices** and **interest rates** in relation to those applied by the economies with which we conduct most of our commercial and financial transactions. For their part, domestic prices and interest rates are, to a large extent, the result of the **monetary and fiscal policy** applied by the Spanish authorities at a given moment of time. Then, the future of the peseta exchange rate is not easy to forecast without having a previous and clear idea about the Spanish **monetary policy,** its effects on **prices** and **interest rates,** and the impact of those variables on Spain's **balance of payments.**

Let us, therefore, begin at the beginning—that is, by discussing the current and future financial policy of the Spanish authority.

As you know, monetary aggregates have recently acquired a leading role in the economic policy mix of the Spanish government, in parallel to their growing importance in most of the western economies. With a certain delay, Spain has finally jumped on the wagon of

the "monetary revolution" started in the middle 'sixties by the academic world and adopted in the middle 'seventies by a number of Western governments. The leading policy indicator chosen by the Spanish monetary authorities has been the quantity of money, broadly defined as currency outside banks plus demand and time deposits of financial institutions (M-3); although attention is also paid to the narrower concept of money in terms of currency plus demand deposits (M-1). Following monetary orthodoxy, Spanish financial authorities concentrated their efforts on controlling the monetary base (currency in the hands of public plus bank liquidity), which is supposedly connected to the quantity of money by a stable multiplier. The monetary base is, in turn, influenced by the so-called "autonomous factors," which are basically two: The requirements of the Treasury to finance the deficit in state budgets; and the counterpart of movements in foreign reserves, which by definition would not exist if the peseta followed a clean flotation in the market of foreign currency. To offset undesirable movements in the "autonomous factors," the Spanish financial authorities regulate the liquidity supplied by the Bank of Spain to the private banking system through rediscounting (which is subject to individual limits for each bank); selling and buying Treasury bonds (in a market restricted to financial institutions); and, most frequently, through direct loans to commercial and savings banks granted by the Bank of Spain on a daily basis and at an interest rate determined by public auction.

The result of such a monetary strategy has been quite satisfactory in the recent past, even though the policy framework was correctly understood, properly defined and widely announced. If we look at the evolution of the quantity of money, in M-3 terms, since mid-1977, when the new stabilization program of the Spanish economy was adopted through the "Moncloa Pact" among all political parties, we cannot distinguish a clear tendency to gradually decelerate its rate of increase—as would be convenient to reduce inflationary pressure in the Spanish economy. M-3 was growing at a rate of 20% during the first part of 1977, a rate which was in fact reduced to 18.2% by February 1978; this rate of increase has remained at the same level since then, with occasional periods of higher growth. It is as if the monetary authorities had reached a floor under which they were unable to operate. It is true that, in the narrow concept of M-1, the quantity of money behaved better, reducing the rate of increase from 20% in the first part of 1977 to 16.4% at the end of 1978 and to a little above 10% at the present time; but the combination of M-1 and M-3 does not seem to indicate a firm path of inflationary behaviour; their growth rates, as we will see later, are reflected in a rate of inflation above the desirable level.

Why does the quantity of money in Spain seem so reluctant to reduce its growth below the ground level reached more than two years ago? If the policy framework was correctly defined (and, as I said before, it was) the explanation has to be found in a certain inability on the part of the monetary authorities to control the monetary base effectively; this was, in fact, only moderated during the last quarter of 1977, renewing its past rate of increase during 1978 and 1979. Three reasons, at least, can be cited to explain such an apparent failure:

- In the first place, the once-for-all reduction in monetary aggregates during the last quarter of 1977, combined with the significant devaluation of the peseta in July of the same year, produced an immediate response on the part of exporters and importers of goods, services and capital, which was reflected in a substantial increase of foreign reserves—a process which was welcome at the start but became a monetary nightmare later on. To reduce growing pressure on the domestic creation of money arising from the accumulation of reserves, the peseta needed to be revalued more than it actually was during 1978 and 1979; or, more appropriately, exchange controls could have been abolished to let the peseta find, in a broader context, an exchange value equilibrium, which probably would not have surpassed the level already reached in the narrow existing market.

"In dollar terms, our exports grew by 27% in 1978 and by more than 33% in 1979, showing the strong capacity of Spanish firms to penetrate foreign markets whenever provided with strong enough incentives to do so."

- Secondly, the fiscal reform introduced through provisional emergency programs at the middle of 1977 and legally developed during the next two years (in fact, it has not been completed yet) has so far proved unable to cover the growing social demands on the Public Sector of the economy, generated during the period of political transition—with an administrative machine of the old system which was dismantled without any significant reduction in the existing bureaucracy. The resulting government deficit has reached 2.3% of GNP during 1979, a percentage which may not be unacceptable for some international standards, but which means in practice more than double the proportion registered by the Spanish economy in 1976. Despite a policy designed to cover part of the government deficit by issuing Public Debt at competitive interest rates, the financial requirements of the Spanish Treasury put a significant pressure on the creation of a monetary base.

- In the third place, Spanish monetary authorities may have discovered by now that their arsenal of instruments to control undesirable upward movements in foreign reserves and Treasury requirements is less powerful than initially thought. Both rediscount and direct borrowing from the Bank of Spain by financial institutions may reach, as they have at times, a zero level—a point at which they cease to be effective in absorbing excess banking liquidity.

Selling of treasury bonds remains legally restricted to the interbank market, thus preventing the possibility of conducting operations open to the public at large, as is usually done by the Fed Open Market Committee in this country.

Having lost their battle to control the monetary base at times during the last two years, the Spanish financial authorities had to turn to imposing higher reserve coefficients. This is a practice which, unless it pays market interest rates, may have a strong direct impact in the results of banks, as is being discovered in Argentina these days. In the last analysis, there may not be a substitute for regular open market operations.

These difficulties in following a monetary policy fully consistent with the stabilization of the Spanish economy have a direct relation to the figures available about the level of absolute prices. The Spanish rate of inflation had reached by mid-1977 almost 30% over the same period of the previous year, and well above this figure if we consider the second quarter of '77 and express it in annual terms. At the end of 1978 the rate of increase in consumer prices had decelerated to 16.4%, but it has remained almost constant since then, with relatively small gains such as the advance registered in 1979, when the inflation rate decreased by less than one percentage point to 15.6%. However, since the average rate of inflation in the economies of the OECD has accelerated its pace during the same period of time, it follows that Spain has at least succeeded in diminishing its inflationary gap with its most important partners in commercial and financial transactions during the last two years.

As for the immediate future, both monetary policy and the correspondent rate of inflation are not expected to experience significant changes, although some minor factors may influence their basic path. On the monetary front, we could expect a reverse trend from the existing pressure on money creation coming from the foreign sector, which in fact will most probably turn out to be contractive during the coming months. To some extent this new deflationary factor is already being compensated by a net increase in the financial appeal of the Treasury to the Bank of Spain, which will keep the expansion of the monetary base and the nominal quantity of money at its present rate. As for the rate of inflation, most observers will agree with the forecast already made by Banco Urquijo, which expects an increase in the cost-of-living index similar to that of 1979 plus two percentage points, which correspond to the rise in the prices of energy. The resulting inflation rate of 17% to 17.5% will keep almost constant the differential between Spain's and the OECD's absolute prices at its present level. Further closing of that inflationary gap would require, on the Spanish side, a gradually more restrictive monetary policy and a basic agreement to reduce real wages, so as to avoid an increase in the already high rate of unemployment. But neither requirement will probably be fulfilled in the months to come.

Under these conditions, what can be said about the Spanish balance of payments and the future course of the exchange rate for the peseta?

As you all know, the main achievement of the economic policy in Spain since the Moncloa agreements were signed has undoubtedly been a shift, almost dramatic, in Spain's commercial relationship with other economies. At the end of 1976 Spain had registered an all-time record in its trade deficit, which amounted to more than $7 billion; its exports paid less than 56% of the total import bill. After the devaluation of the peseta in 1977 and the deflationary policy simultaneously applied, this large deficit was reduced to $5.8 billion in 1977, $4.1 billion in 1978, and $5.4 billion in 1979. This despite the increase experienced by oil imports in dollar terms, which passed from $4.5 billion in 1976 to $6.5 billion in 1979, a year in which Spain was able to pay more than 77% of its total imports with revenues obtained through its sale of products abroad. In dollar terms, our exports grew by 27% in 1978 and by more than 33% in 1979, showing the strong capacity of Spanish firms to penetrate foreign markets whenever provided with enough incentives to do so.

In forecasting the immediate future, one has necessarily to be less optimistic in this respect. Spain imports almost 48 million tons of oil per year (equivalent to 345 million barrels), which represents more than 66% of its needs of primary energy; and although the energy program recently approved by Parliament will, hopefully, reduce oil imports in relative terms to 54% of energy needs by 1987, the oil bill is, and will remain in the near future, a heavy burden on our balance of trade. If we consider that Spain, like all other oil importing economies, is now paying an average of $12 more for each imported barrel of crude oil than in the previous year, it is not difficult to reach to the conclusion that Spanish imports, in dollars, may increase by a full 32% during 1980. At the

same time we should recognize that Spain has lost part of its recent comparative advantage in exporting activity. Our calculations at Banco Urquijo indicate that the so-called "index of competitiveness" of Spanish exports fell from 112 in July 1977 to 84 in December 1979, once exchange rate movements and price differentials are considered and properly weighted by the volume of trade conducted with other countries. Our present forecast indicates a growth of exports not above 19% in 1980, all of which may increase the Spanish trade deficit to a figure close to $8.4 billion.

As for the balance of services and transfers, we may remember that its net revenues barely amounted to $3 billion in 1976, covering a little more than 42% of the Spanish trade deficit. As in the case of the balance of trade, and for similar reasons, those figures showed a positive evolution since the economic adjustment resulting from the "Moncloa agreements." The balance of services (especially tourism) and transfers (mostly remittances from workers abroad) registered a surplus of $3.7 billion in 1977, $5.5 billion in 1978, and $6.4 billion in 1979, representing 120% of the trade deficit. In 1980 our forecasts indicate a relative stability of that surplus, which will probably amount to $6.5 billion, due to a certain stagnation in tourist revenues and possible lags in foreign remittances, so that we cannot reasonably expect services and transfers to generate enough revenues to cover the trade deficit imposed on us by the OPEC economies.

The results of this exercise in prophecy lead us to expect a turning point in the balance of payments on current account, which will again register a deficit estimated at $2.7 billion in 1980. Other forecasts by my Spanish colleagues make that figure fluctuate between $2 billion (official prediction) and $3 billion (other private institutions) but whatever the econometrics involved in elaborating the forecast, we all seem to agree that, although the Spanish balance on current account will not return to the large deficit of 1976—which made a strong devaluation of the peseta unavoidable—it will be far away from the $1.5 billion surplus of 1978 and the positive $1 billion figure registered in 1979.

Having reached this point, it should be clear, I hope, that we are talking about an economy which has to confront again significant imbalances in money, prices, and external payments—due in part to the monopolistic decisions of oil exporting countries, and also to a partial domestic inability to conduct the adjustment process to its final conclusions. We, along with many other Western countries, may be partially losing our financial race with the oil exporting economies.

But before reaching negative conclusions (among them a hypothetical sudden fall in the peseta exchange rate), I would recommend that you take the Spanish figures into the proper perspective of world economic events. If you will allow me to use an old paradox, we can say that the situation is "dramatic but not necessarily bad,"—desperate but not necessarily serious. Why is it so? Because there are two main reasons to maintain our hopes in the short run, and dozens of reasons to be optimistic in the long term.

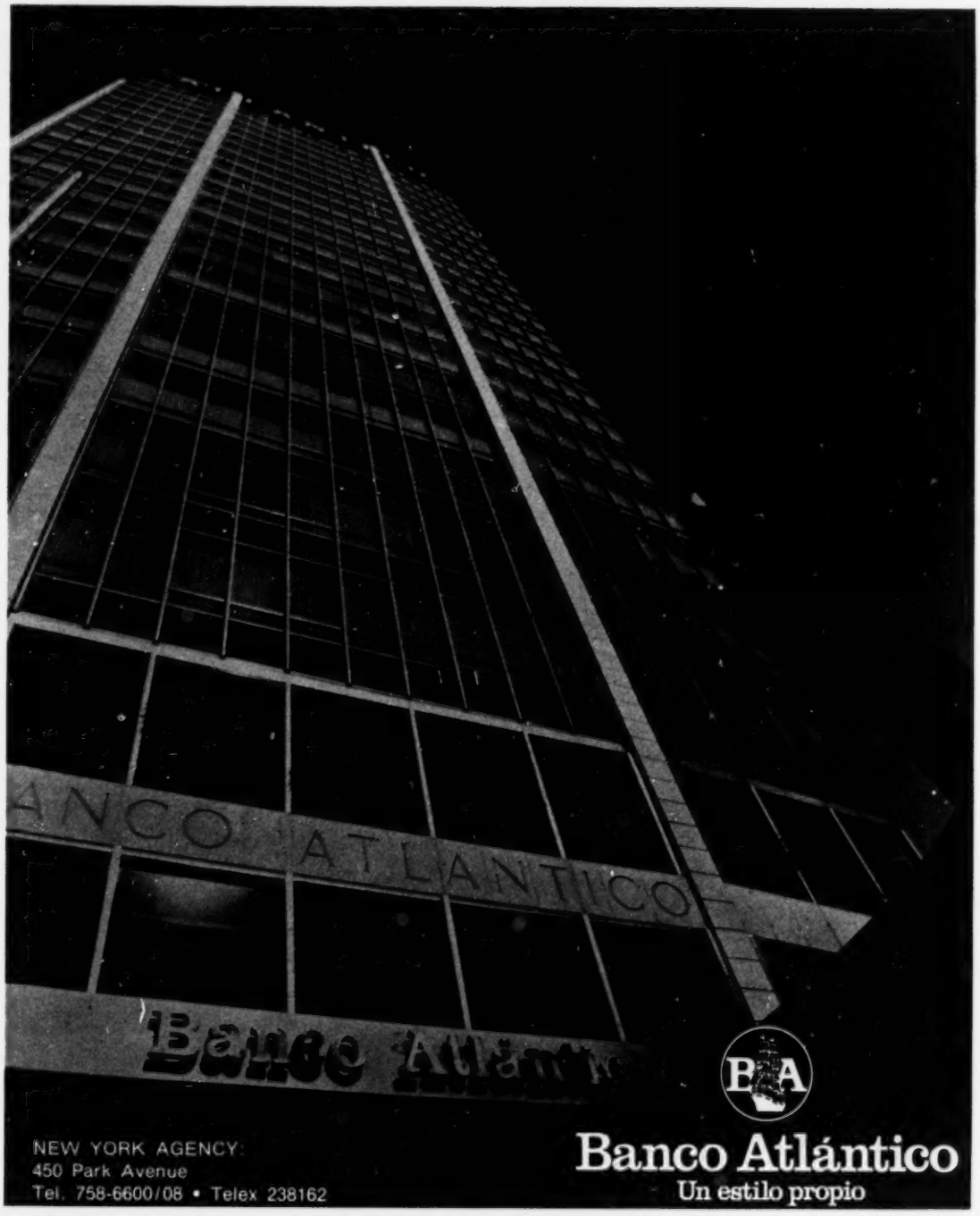
The first short-term hopeful factor derives from the expected figures in the Spanish balance on capital account. Foreign private direct investment keeps flowing to Spain at an accelerated pace, from the $200 million of 1976 to the $400 million of 1977, $1 billion in 1978, and $1.2 billion in 1979—all of these figures being net of Spanish foreign investment abroad. As for foreign loans, both public and private, the Spanish economy obtained $1.7 billion in 1976 and $2.8 billion in 1977, having to curtail its net demands on foreign financial markets to $1.1 billion in 1978 and $1.6 billion in 1979. The Spanish long term foreign debt amounts to $16.6 billion at official exchange rates and $19.4 billion when valued at market rates. Its total financial cost represents less than 6% of the country's exports of goods and services, and its maturity has been significantly increased during the past two years, taking advantage of the conditions prevailing in world financial markets. Obviously Spanish financial authorities would prefer the country to be a net foreign lender, but it should be recognized that Spain is still in a relatively favorable position in the process of dollar recycling that has to take place, one way or another, if the world economy is not going to stop.

The second factor of hope in the short term, closely related to the previous one, lies in the fact that, through the level of accumulated reserves ($13 billion, with gold valued at $42 an ounce), the Spanish financial authorities have more room for deciding their policy than in 1977. They may choose among the alternatives of letting the peseta devalue as much as necessary to restore equilibrium on current account, using their foreign reserves, or liberalize the current restrictions on private firms borrowing abroad.

What then is the short term future of the peseta exchange rate? If I had been lucky enough to be born a Galician, my answer would probably be, "It depends." But since as an old Castilian I am supposed to tell a little more, let me express my opinion that the Spanish financial authorities (committed as they are to following the market trends) will choose an intermediate course:

- To use, in part, foreign reserves;
- To allow, in part, foreign loans to private companies; and
- To let, in part, the exchange rate slide downwards vis-a-vis the basket of main foreign currencies, in a movement which will be far from dramatic, to avoid an unnecessary and disturbing game of leads and lags in foreign trade or financial transactions.

As for the long term future of the peseta and of the Spanish economy, I insist on keeping an optimistic view—but that is probably a different story and to tell it would far exceed the limits assigned to this talk. □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CHOICE COURIER

As trade between Spain and the United States expands, the need for fast, reliable door-to-door delivery of vital business and legal documents between the two countries is becoming inreasingly urgent. To better serve that growing delivery demand, Choice Courier, a prime supplier of international air courier delivery services, now maintains offices in several cities in Spain. We talked with Michael Katz, Choice Courier's International Operations Manager, at the company's headquarters in New York, about Choice's involvement in door-to-door delivery between Spain and the U.S.

Q. What is Choice Courier?

A. Choice Courier is a provider of local, one hour, desk-to-desk delivery services within all U.S. cities; same day and overnight desk-to-desk delivery within the U.S.; 24-hour desk-to-desk delivery to Spain; and 24- to 48-hour desk-to-desk delivery throughout the world. For over seventeen years, Choice has been a specialist in the fast, reliable delivery of documents and small packages by bonded courier. Today, Choice maintains offices, vehicles, personnel and agents throughout the United States and throughout the world.

Q. Where are your offices in Spain?

A. We opened our first office in Madrid about two years ago. We've since added offices in Barcelona and Valencia, and we'll be opening offices in Bilbao and Malaga shortly. In addition, Choice has agents in Santa Cruz de Tenerife and Las Palmas.

Q. What services do your offices in Spain offer?

A. Each office is staffed with bonded couriers and equipped with vehicles to handle local pickup and delivery. A professional routing staff routes each shipment via the fastest, most efficient air connection available. Telephone and Telex link each office with all other Choice locations throughout the world.

Our Madrid office also serves as Choice's European Communitions and Routing Center, and Sr. Venancio Sanchez, Choice's Director of Spanish and European Operations, is based there.

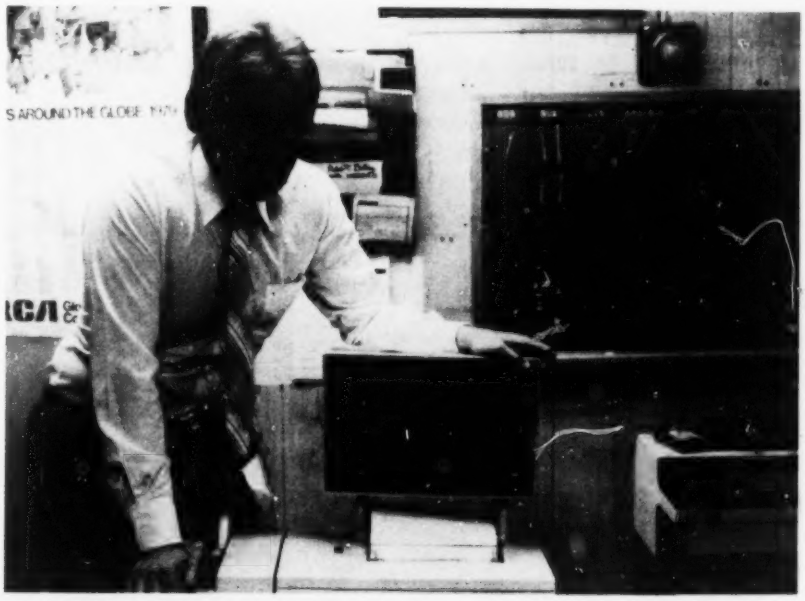
Q. What kind of materials do you deliver between the two countries?

A. Our largest volume of deliveries consists of documents—contracts, proposals, purchase orders, shipping manifests, letters of credit, checks and other bank documents, etc. We also transport a variety of small packages containing such items as blue prints, industrial drawings, transparencies, cosmetic and fabric samples, catalogs, computer tapes and printouts, and the like.

Q. How long does it take to complete your average Spain-U.S. delivery?

A. Most deliveries between Spain and the U.S. and vice versa are completed, door-to-door, within 24 hours.

Q. What exactly do Choice Courer's delivery services consist of?



Michael Katz, Choice Courier's International Operations Manager, next to a computer terminal at Choice's New York headquarters.

Choice Courier's Barcelona office in action. José María Marimon, General Manager, Barcelona, is on the left. At left, some of the staff of Choice Courier's Madrid office; from left to right, Jesus Requiero, Operations Manager; Venancio Sanchez, General Manager, Choice de España; and Gerado Miraz, Sales Director.

A. First of all, a bonded Choice courier will pick up your package within one hour of your phone call, if you're located in or near one of our prime cities, and within a few hours if you're more remotely located. Choice will provide assistance with all necessary customs entry documentation during your initial phone call. A bonded courier will deliver your shipment to the airport for carriage via the fastest, most efficient, scheduled airline flight to your destination that's available. A bonded courier will take possession of your parcel upon customs clearance at the destination airport, and final delivery to your consignee will generally take place within 24 hours of your original call. All shipments are automatically insured, and an automatic proof-of-delivery will be provided, giving you the time and date of delivery and the name of the accepting party.

In addition, for extra-sensitive items, Choice can provide on-board service, with a bonded courier who will personally hand-carry your parcel from your door to your consignee's door.

Q. Are you ever asked to handle "emergency" deliveries?

A. Oh yes. As a matter of fact, we recently completed a delivery from a bank in Madrid to Boston on the same day.

Q. What kind of clients do you serve?

A. Choice serves a wide variety of clients, both in Spain and in the U.S. Some of our clients include Avon, Philip Morris Espana, Peat, Marwick & Mitchell, Ensidesa S.A., Deloit, Haskins & Sells, Union Fenix S.A., and Conti Trade S.A., to name but a few.

Q. What volume of deliveries do you handle between the two countries?

A. The volume of deliveries is growing constantly. We currently handle about 15,000-20,000 deliveries a year between Spain and the United States, as well as from Spain to the rest of Europe, the Mid and Far East, Latin America, and Australia and the South Pacific.

Q. How can one use Choice Courier for a delivery between the U.S. and Spain or vice versa?

A. In the U.S., just call (212) 750-6100 or (800) 223-5779 for immediate pickup or further information. In Madrid, call 245-07-84 or 246-36-13. In Barcelona, call 243-22-01 and in Valencia, call 360-83-92.

Prepared by J. & A. GARRIGUES, New York Office

CURRENT LEGISLATION IN SPAIN

A SUMMARY OF LEGISLATION PUBLISHED BETWEEN MARCH 10, 1980 AND MAY 9, 1980

LABOR

1. Office of the Head of State. Law 8/1980, of March 10, establishing the Workers' Statute. (Official State Gazette, March 14, 1980).

Among the most important features of the Statute, mention may be made first of the fact that the mediation of the Administration in individual relations between employer and worker is maintained, while the negotiation of collective agreements is left to the discretion of the parties. With respect to the hiring of new employees, the employer must resort to the Employment Office, which will make available to him a number of workers among whom he must choose. The working timetable is reduced to 43 hours per week in the case of "split" or divided working days, or 42 hours a week in the case of continuous working days. As regards the modification of conditions of employment, the decision of the competent authority will also be necessary if the parties fail to reach agreement.

The Workers' Statute introduces the concept of part-time employment contracts, although this is confined to workers who are receiving unemployment benefit, those whose right to this benefit has expired and who remain unemployed, and workers under 25 years of age. The number of overtime hours may not exceed two per day, fifteen per month, and one hundred per year. With respect to labor holidays, except as regards Christmas, New Year and May 1 (Labor Day), as well as the local holidays, the Government may transfer to Mondays all national public holidays occurring during the week. As regards dismissals, in future the Labor Court will have no power to determine the amount of indemnity in the vent of unjustified dismissal, since the Statute establishes this figure at 45 days' wages per year of service, periods of less than one year being calculated pro-rate by months, and with a maximum indemnity equivalent to 42 months' wages. In cases of unjustified dismissal in which the employer opts not to readmit the employee, and where the firm has fewer than 25 workers, the indemnity will be reduced by 20% of the resultant amount; 40% will be paid by the Wage Guarantee Fund. It should also be noted that, in the event of the dismissal of the legal representatives of the workers, the choice between readmission or payment of an indemnity will always rest with them, while in all other cases this option will rest with the employer. Finally, for the extinguishment or cancellation of the labor relations as a result of the dissolution and liquidation of a Company, it will be necessary to submit a personnel redundancy application and, consequently, to secure the consent of the labor authority.

2. Ministry of Labor. Order of March 26, 1980, concerning the application of the new rate of contribution to the Wage Guarantee Fund. (Official State Gazette, March 28, 1980).

The new rate of contribution to the Wage Guarantee Fund, as from March 15th of this year, will be 0.6%, the previous rate of 0.4% being applicable up to that date.

3. Ministry of Labor. Order of February 25, 1980, concerning the reduction in Social Security contributions payable by firms hiring Spanish emigrants who have returned to this country (Official State Gazette, April 1, 1980).

This benefit will consist in the payment, by the National Labor Protection Fund, of 50% of the Social Security contributions payable by the employer during 1980.

4. Ministry of Labor. Royal Decree 696/1980, of April 14, applying the Workers' Statute to applications for substantial modifications in conditions of employment and the suspension and extinguishment of labor relations. (Official State Gazette, April 17, 1980).

With respect to substantial modifications in conditions of employment, the novelty which this provision introduces is the suspension of payment of the indemnities which, under the previous regulations, were contemplated in these cases, while it now rests with the Labor Delegate, upon the prior report of the inspectors, to resolve, within a term of 15 days, on the application submitted by the Employer. As regards the temporary suspension of the labor relations due to force majeure and to economic and technological causes, two modifications are introduced: the first calls for a period of consultation before submitting the relevant application to the administrative authority, and the second establishes the necessity of an auditor's report, a requirement that was previously optional. Finally, when the extinguishment of the labor relations is a consequence of the extinguishment of the legal personality of the employer, the procedure will be governed by the provisions of this Royal Decree. The rest of the Decree is concerned with the administrative processing of all the above cases.

5. Ministry of Labor. Royal Decree 723/1980, of April 11th, concerning the promotion of the employment of women having family burdens or responsibilities (Official State Gazette, April 23, 1980).

The purpose of this Decree is to establish measures aimed at promoting the employment of women having in their charge a spouse, descendent, ascendent, or other relations by blood or affinity up to the third degree, inclusive, and, where applicable, by adoption. To this end, a series of programs is established: vocational training, promotion of associated work cooperatives, and promotion of self-employment of women with family burdens.

6. Presidency of the Government. Royal Decree 820/1980, of April 14th, amending the Regulations on the Cooperation of Employers' Mutual Industrial Accidents Associations in the

administration of the Social Security Scheme (Official State Gazette, May 5, 1980).

The Labor Mutual Associations having been abolished by integration into INSALUD, this agency remains as the sole administration agency, and the Employers' Mutual Associations as Cooperating Organizations. This Royal Decree, which enlarges on a previous Decree of May 29, 1976, adapting it to the Social Security Control requirements, establishes a number of auditing procedures relating to income and payments, supporting documents, checking of investments and stock, and the verification of accounting books.

7. Ministry of Health and Social Security. Order of April 30, 1980, containing health instructions for the Prevention of Mental Deficiency (Official State Gazette, May 5, 1980).

This provisions establishes a number of programs, among which mention may be made of free vaccination against German measles for girls over 11 years of age. A "health book" is also introduced, in which certain particulars to be determined by the National Institute of Health (INSALUD) will be noted down, in order to keep a full check on the course of pregnancy. The compulsoriness and gratuitousness is also established of the "document of the newly-born baby," in the first days after birth, in order to determine possible alterations in its metabolism which may prevent satisfactory cerebral development. The "baby's health document" is also established, which must be issued for all newly-born babies, its issuance being compulsory for all health centers.

COMMERCIAL

1. Office of the Head of State. Royal Decree-Law 4/1980, of March 28, endowing the Deposit Guarantee Fund with legal personality, and other supplementary measures. (Official State Gazette, March 31, 1980).

The purpose of this Fund will be to guarantee deposits, in such form and amount as is established by the Government, as well as to implement all such actions as shall be deemed necessary to reinforce the solvency and functioning of the Banks in defense of the interests of depositors and of the Fund itself. The capital of the Fund shall be drawn from annual contributions to be made by the Member Banks, equivalent as a maximum to one per thousand of their deposits, plus an annual contribution from the Bank of Spain equal to the aggregate of the contributions from the Banks.

This Royal Decree-Law also provides that the resolution for the modification of the capital of a Bank, when required to be adopted in order to re-establish its capital and financial balance on the instructions of the Bank of Spain, shall be adopted by the General Meeting, with the attendance, on first call, of shareholders present or represented who own at least 50% of the paid-in capital; while it will be sufficient, on second call, for 25% of such capital to be present, in both cases regardless of the number of shareholders attending. In such events, it will suffice for a period of 7 days to elapse between the announcement of the General Meeting and the date scheduled for the holding thereof.

2. Ministry of Economy. Royal Decree 567/1980, of March 28, perfecting and extending the Deposit Guarantee Fund. (Official State Gazette, March 31, 1980).

This Royal Decree provides that the Bank Deposit Guarantee Fund will be governed and administered by a Management Committee made up of four representatives of the Bank of Spain and four representatives of the Banks. One of the representatives of the Bank of Spain will be the Chairman. The representatives of the Banks will be appointed by the Ministry of Economy, upon the proposal of the Bank of Spain. The resolutions will be adopted by a majority of the representatives, and the Chairman will have a casting vote. The annual contributions payable by the member Banks will be one per thousand of the deposits held by them at the close of each fiscal year, their economic and legal liability being limited to the payment of this annual contribution. The Bank of Spain will contribute annually a sum equal to the aggregate of the contributions of the Banks. The Bank of Spain may make advances to the Fund, with or without interest, up to an amount equivalent to four times the sum of the annual contributions of the member Banks and its own. Membership of the Fund will be an indispensable requirement in order to have access to Bank of Spain financing. The guarantee of the deposits will extend to a maximum of 750,000 pesetas per depositor, whether an individual or legal entity, and regardless of the number and class of deposits held by such individual or legal entity at the same Bank. The Fund will pay to the holders the amount of the guaranteed deposits in the event of suspension of payments or bankruptcy of a Bank, and by the mere fact of such payment the Fund will be subrogated in all the rights of the creditor. The Fund may subscribe to increases in capital resolved upon by Banks at the request of the Bank of Spain in order to restore their financial situation, in the event such increases are not covered by the shareholders of the Bank.

3. Ministry of Economy. Bank of Spain Circular to Credit and Savings Institutions, concerning supplementary rules on export credits computable in the investment coefficient. (Official State Gazette, April 22, 1980).

This provision contains, first of all, general rules specifying the computation of the assets covering the export credit investment coefficient, the maximum limits of credits for financing imports of goods covered by firm orders, computable in the investment coefficient, applicable rates of interest and commissions, computable credits requiring the prior authorization of the Bank of Spain, the obligations of the Banks, inquiries to the Bank of Spain in connection with operations computable in the investment coefficient, credits to branches of foreign companies in Spain, and the "individual" or "sectional" exporter's card.

The second section refers to credits for financing working capital of export companies, and the third section to credits advanced to foreign purchasers. In this latter section, it is specified that, pursuant to the provisions in force, credit and savings institutions authorized to take part in exchange control operations are the only ones that may grant loans to foreign purchasers, for which purpose the prior authorization of the Bank of Spain will not be necessary. The fourth section, referring to pre-

financing credits, also states that these institutions may grant, without the prior authorization of the Bank of Spain, pre-financing credits to Spanish exporters, although, however, the amount of the credit so granted plus the amounts received from abroad by the exporter, may not exceed the "agreed price" or "currency conversion value."

The fifth section deals with credits for the financing of exports already made, while the sixth and last deals with local financing, in foreign currency borrowings, of the deferred part of the price of exports denominated in convertible currencies. This Circular also contains a number of appendices giving instructions for completing the form headed "application for authorization of the granting of export credits computable in the investment coefficient," together with the list of goods enjoying the benefit of the "sectional" exporter's card, the "application for authorization of the granting of export credits computable in the investment coefficient," the "application for information," the "application for working capital credits," and the calendar for the computation of exports made, applicable to the credits for the financing of working capital of export firms.

PROCEDURAL

1. Office of the Head of State. Law 16/1980, of April 22, relating to the amendment of Articles 503, 504 and 505 of the Code of Criminal Procedure as regards provisional imprisonment. (Official State Gazette, April 26, 1980).

Article 503 of the Code is reworded as follows: "The Judge shall order provisional imprisonment when the following conditions are satisfied: 1) That the cause has to do with the existence of a fact having the characteristics of a criminal offense. 2) That the penalty contemplated therefor is in excess of six months' imprisonment; and 3) That the cause shall contain sufficient grounds for considering that the person against whom the order of imprisonment is to be issued is criminally responsible for the offense."

Article 504 is reworded as follows: "The provisions of the preceding article notwithstanding, even if the offense entails a penalty in excess of six months' imprisonment, where the accused has no criminal record, or there is justified reason to believe that he will not attempt to elude the action of justice, and in addition the offense has not caused alarm and is not one of the offenses that are committed frequently, the Judge or Court may order, with or without a bond, the freedom of the accused, specifying the reasons justifying the same..."

Finally, Article 505 states: "To carry out the warrant of arrest, two orders shall be issued: one to the bailiff or constable of the Court or to the officer of the Judiciary Police who is to carry out the same; and one to the Director of the establishment that is to receive the detainee..."

FISCAL

1. Ministry of Finance. Royal Decree 494/1980, of March 7, regulating the payment by installments of Personal Income Tax for the year 1979. (Official State Gazette, March 19, 1980).

This Decree states that taxpayers may pay the amount of tax due in respect of fiscal year 1979 in two installments: the first in the amount of 60% of the tax amount when filing the return within the period allowed for this purpose; and the second, for the remaining 40%, prior to November 25, 1980. Both installments must be paid through Banks, Savings Banks or the Post Office Savings Bank.

2. Ministry of Finance. Royal Decree 861/1980, of April 11, concerning the updating of tangible fixed assets located abroad. (Official State Gazette, May 8, 1980).

This provision states that Spanish individuals having businesses abroad may update, to December 31, 1979, the values of their tangible fixed assets located outside Spanish territory and recorded on their books. They must notify their wish to effect such updating in a document addressed to the Directorate General of Taxes, within three months following the date of publication of this Royal Decree. The updated values must be recorded on the books during the period between the date of notification and December 31, 1980. The currency gains which result therefrom shall be credited to an account entitled "updating of assets abroad, 1980 Budgetary Law." The checking of the updated balance sheet must be effected prior to December 31, 1982, and any operations not checked by that date shall be deemed to have been accepted.

3. Ministry of Finance. Royal Decree 860/1980, of March 20, issuing rules for the fulfilment of certain obligations in respect of Company Tax. (Official State Gazette, May 8, 1980).

The submission of the return, together with the documents relating to the balance sheet, annual report, extract of profit and loss accounts, etc., must be effected within a period of 20 days following the date of approval by the Board. The actual average rate, in general, will be 33%, although, however, when making the final assessment the pertinent corrections may be made. Nevertheless, where the Company that has paid the divident enjoys exemption from Company Tax by virtue of special provisions, it will be under the obligation of so informing its shareholders, in order that the companies receiving the dividend do not make the deduction. In the case of Companies which, at the date of publication of this Royal Decree, have already approved the Balance Sheet and Profit and Loss Account, the term of 20 days for the filing of the return referred to above will be computed as from May 8, the date on which this Royal Decree comes into effect.

FOREIGN INVESTMENTS

1. Ministry of Commerce and Tourism. Order of March 17, 1980, concerning the establishment of the census of commercial establishments owned by individuals of foreign nationality. (Official State Gazette, April 4, 1980).

INTERNATIONAL

1. Ministry of Foreign Afairs. Agreement between the Spanish Government and the International Labor Organization, relating to the joint development of technical cooperation programs in Latin American countries, signed in Geneva

on September 19, 1979. (Official State Gazette, March 10, 1980).

2. Ministry of Foreign Affairs. Final entry into force of the Agreement on Cooperation in matters relating to Tourism, between the Government of the Kingdom of Spain and the Government of the United States of Mexico, signed in Madrid on October 14, 1977. (Official State Gazette, March 10, 1980).

3. Ministry of Foreign Affairs. Agreement between the Government of the Kingdom of Spain and the Government of the German Federal Republic on international road transport, and the protocol thereto, signed in Madrid on January 17, 1980. (Official State Gazette, March 11, 1980).

4. Ministry of Foreign Affairs. Air Transport Agreement between the Government of Spain and the Government of the Socialist Republic of Rumania and appendix, signed in Madrid on January 10, 1980. (Official State Gazette, March 12, 1980).

5. Ministry of Foreign Affairs. Agreement on Cooperation in matters relating to deep-sea fishing, between the Government of Spain and the Government of the Republic of Equatorial Guinea, and appendices, signed in Madrid on October 31, 1979. (Official State Gazette, March 13, 1980).

6. Ministry of Foreign Affairs. Air Transport Agreement between the Government of the Kingdom of Spain and the Government of the Federative Socialist Republic of Yugoslavia, and appendix, signed in Belgrade on April 11, 1979. (Official State Gazette, March 18, 1980).

7. Office of the Head of State. Instrument of Ratification of Agreement No. 146 on Seamen's Annual Paid Holidays, adopted by the General Conference of the International Labor Organization on October 29, 1976. (Official State Gazette, March 20, 1980).

8. Ministry of Foreign Affairs. Protocol appended to the Basic Agreement on Scientific and Technical Cooperation between the Government of Spain and the Government of the Republic of Equatorial Guinea, concerning the Status of Experts in Technical Cooperation, signed in Malabo on December 5, 1979. (Official State Gazette, March 20, 1980).

9. Ministry of Foreign Affairs. Agreement Number 10 of the CIEC relating to the official recording of certain deaths, concluded at Athens on September 14, 1966. (Official State Gazette, March 22, 1980).

Article on states that when the body of a missing person has not been found, and the circumstances of his or her death can be admitted as certain, the judicial or administrative authority empowered for the purpose will be competent to declare such death, either where the disappearance has occurred over the territory of the State on which such authority is dependent, or in the case of disappearance on board a vessel or aircraft registered in that State, or where the missing person was a subject of that State or was domiciled or resident therein.

10. Office of the Head of State. Instrument of Ratification of the Long-term Agreement on Economic, Industrial and Technical Cooperation between the Kingdom of Spain and the People's Republic of Bulgaria, signed in Madrid on January 24, 1979 (Official State Gazette, March 29, 1980).

11. Ministry of Foreign Affairs. Exchange of Notes constituting an Agreement between the Spanish Government and the Commission of the European Communities, for the establishment in Spain of a Press and Information Office of the Commission. Spanish Note: Brussels, January 24, 1980. EEC Commission Note: Brussels, February 19, 1980. (Official State Gazette, April 3, 1980).

12. Ministry of Foreign Affairs. Agreement between the Governments of Spain and the People's Republic of Hungary on international road transport, and the protocol thereto, signed in Madrid on February 19, 1980. (Official State Gazette, April 4, 1980).

13. Office of the Head of State. Instrument of Ratification of the Agreement on Cultural Cooperation between the Governments of Spain and the Republic of Panama, signed in Madrid on May 2, 1979 (Official State Gazette, April 5, 1980).

14. Ministry of Foreign Affairs. Basic Agreement on Scientific and Technical Cooperation between the Governments of Spain and of the Socialist Republic of Czechoslovakia, signed in Madrid on January 16, 1980. (Official State Gazette, April 19, 1980).

15. Ministry of Foreign Affairs. Agreement on Economic and Commercial Cooperation between the Kingdom of Spain and the United States of Mexico, signed in Madrid on October 14, 1977. (Official State Gazette, April 30, 1980).

16. Office of the Head of State. Instrument of Ratification of the Agreement on international liability for damage caused by space objects, made in London, Moscow and Washington, on March 29, 1972. (Official State Gazette, May 2, 1980).

17. Office of the Head of State. Instrument of Ratification of the Administrative Agreement on Social Security between the Governments of Spain and Panama, signed in Panama on March 8, 1978, and Exchange of Letters dated March 28, 1980. (Official State Gazette, May 3, 1980).

18. Ministry of Foreign Affairs. Cultural and Scientific Cooperation Agreement between the Kingdom of Spain and the Socialist Republic of Rumania, signed in Madrid on May 24, 1979. (Official State Gazette, May 5, 1980).

19. Ministry of Foreign Affairs. Final entry into effect of the Basic Social Security Cooperation Agreement between the Government of Spain and the Government of the United States of Mexico, signed in Mexico City on November 7, 1979. (Official State Gazette, May 9, 1980).

ADMINISTRATIVE

1. Ministry of Commerce and Tourism. Royal Decree 422/1980, of March 7, establishing provisions exchange control regulations. (Official State Gazette, March 12, 1980).

The object of this provision, as stated in the preamble, is to regulate the transition to the system established by the Law, pending the promulgation of the Regulations, and to determine, in general, the operations that are subject

to control. Accordingly, the same operations as are subject to prohibition, prior authorization, verification or declaration under the exchange control provisions currently in force at the date of this Decree, are declared similarly subject.

2. Ministry of Health and Social Security. Royal Decree 426/1980, of February 22, developing Law 30/1979, of October 27, on the Removal and Transplanting of Organs. (Official State Gazette, March 13, 1980).

This provison is divided into three chapters, the first relating to the obtaining of body organs from donors for subsequcnt grafting or implanting on to another person, and specifying that no payment may be received for this donation. The second chapter contemplates the removal of organs or other anatomical parts from corpses and, as in the preceding chapter, determines the necessary prerequisites and conditions, both sanitary and administrative, in order to carry out such removal and implanting. The third and final chapter determines the requirements for authorizing the grafting or implanting of human organs, and the safeguards for the recipients.

3. Office of the Head of State. Law 7/1980, of March 10, concerning the protection of the Spanish coasts. (Official State Gazette, March 14, 1980).

The purpose of this Law is the protection of the public maritime domain and easements defined in the Coasts Act, and to establish the administrative responsibilities of individuals or legal entities who commit the infringements contemplated in this Law. These reponsibilities will be compatible with the civil or penal liabilities which may derive from such infringements.

4. Office of the Head of State. Royal Decree-Law 3/1980, of March 14, concerning the creation of building land and the expediting of city planning administration. (Official State Gazette, March 15, 1980).

It is stated in the first chapter that the agencies known as the "Administración del Patrimonio Social Urbano" and the "Instituto Nacional de Urbanización" (National Urban Planning Institute), for the purpose of encouraging the construction of officially-subsidized dwellings, may assign land owned by them at lower than cost price, or even free of charge, in accordance with the requirements, prices and conditions specified in the bidding conditions put out for this purpose. Similarly, and for the encouragement of the installation or expansion of industrial activities and services, the National Urban Planning Institute may assign land owned by it, such assignments being included among the possible benefits to be granted in the competitive bidding held for this purpose in Industrial Expansion Areas.

The second chapter, dealing with the expediting of urban planning administration, specifies that the term for resolving upon the provisional approval of Partial and Special Plans may not exceed one year, reckoned as from the initial approval. This term will be three months for the provisional approval of Urban Development Projects and for the definitive approval of Detailed Studies, and in both these cases the public inquiry period will be 15 days. If the proceedings are instituted on the initiative of Urban Planning Administrations or State or Mixed Enterprises, and are declared as being of recognized urgency by the Council of Ministers, their initial approval must be resolved upon within a term of one month. The participation of the Urban Administrations in the incorporation of new companies, or in companies already existing, need not be on a majority basis, and in the proceedings prior to the incorporation it will not be necessary to evidence the lack or insufficiency of private enterprise, or the application for municipalization or provincialization in the case of the participation of Local Corporations.

5. Ministry of Territorial Administration. Royal Decree 466/1980, of February 29, concerning transfers of responsibilities from the State Administration to the Regional Council of Murcia, in matters relating to urban planning, agriculture, troubleson, insalubrious, noxious and dangerous activities, domestic fairs, tourism, transport, local administration, culture and health. (Official State Gazette, March 15, 1980).

6. Ministry of Commerce and Tourism. Resolution of the Directorate General of Exports, concerning the export of goods without requiring a license. (Official State Gazette, March 18, 1980).

This provision excludes from the requirement of a license the export of the goods included in a long list attached as an exhibit, among which may be mentioned jewelry, copper, nickel, aluminum, magnesium, lead, etc., and various food products. Shippers of goods wishing to benefit by this commercial system, must comply with the following conditions: payment must be made in convertible currency officially admitted to quotation; the term of payment must not exceed 6 months; a firm account must be involved; the form of payment must be recorded in an authentic document; and the commission payable, if any, must not exceed 5% of the value of the goods.

7. Ministry of Commerce and Tourism. Resolution of the Directorate General of Foreign Transactions issuing supplementary rules regarding bank domiciliation and reimbursement of the proceeds of export transactions under the system of commerce and procedure contemplated in Royal Decree 2426/1979, of September 14. (Official State Gazette, March 19, 1980).

The general rules of this provision state that Bank domiciliation consists in the obligation of the exporter to present the relevant export license to any one of the Banks exercising delegated functions in exchange control matters, chosen by the exporter, which bank will open, for each export transaction, a "Domiciliation File." The following sections of this provision deal with the rules to be observed in all cases of bank domiciliation, specific rules for certain domiciliations, reimbursement of exports and payment of expenses necessary for the exportation of goods.

8. Ministry of Finance. Royal Decree 544/1980, of March 21, providing for the issuance of 15,000 million pesetas, which may be extended to 20,000 millions, in Redeemable Internal State Debt. (Official State Gazette, March 27, 1980).

9. Office of the Head of State. Law 10/1980, of March 14, concerning the amendment of Royal Decree-Law 6/1978 of March 6, regulating the situation of members of the armed forces who fought in the civil war. (Official

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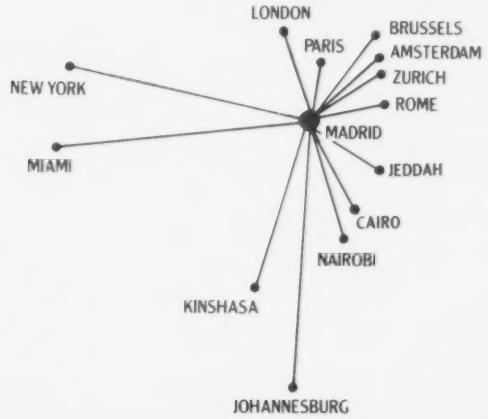

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State Gazette, March 28, 1980).

10. Ministry of Industry and Energy. Royal Decree 558/1980, of March 21, on the organization of the iron and steel industry. (Official State Gazette, March 29, 1980).

11. Ministry of Territorial Administration. Royal Decree 605/1980, of March 7, convening the Assembly contemplated in Art. 146 of the Constitution for the preparation of the draft Statute for the Autonomy of the Principality of Asturias. (Official State Gazette, April 5, 1980).

12. Ministry of Agriculture. Order of March 27, 1980, amending the Order of January 22, 1970, which developed the Order of the Presidency of the Government of December 22, 1969, on the granting of loans to purchase land for the purpose of creating viable farming units. (Official State Gazette, April 8, 1980).

This provision increases the amount of the loans established in a previous Order to a maximum of 4 million pesetas for each beneficiary, and in the case of associations, up to 4 million pesetas per member, with a maximum of 50 millions altogether.

13. Office of the Head of State. Law 13/1980, of March 31, concerning Physical Culture and Sport. (Official State Gazette, April 12, 1980).

The preamble sets forth the basic principles underlying this Law, such as the recognition of, and respect for, spontaneous social initiative as regards physical culture and sport, consistent with the criterion maintained by the Ministers responsible for sport on the Council of Europe, at their meeting in London in 1978, and the responsibility of the State in the encouragement of physical education and sport, without prejudice to the powers vested in the Autonomous Communities and the Local Corporations for the promotion of sport. The articles themselves develop the scope of application and general principles of the Law, Sports Associations and Federations, the Higher Sports Council, the Spanish Olympic Committee and the Sports disciplinary system.

14. Ministry of Energy and Industry. Royal Decree 668/1980, of February 8, concerning the storage of chemical products. (Official State Gazette, April 14, 1980).

It rests with the Ministry of Industry and Energy to regulate, control and inspect the safety conditions of storage, maintenance and decanting facilities of chemical products, both in solid and in liquid or gaseous states. The installation, expansion, modification or transfer of such facilities will require, prior to commencement of the work, the provisional recording thereof on the appropriate Register of the Provincial Office of the Ministry, which must be applied for by submitting a design, signed by an appropriately qualified technical expert and approved by the appropriate Official Association. In addition to the various trials, or periodic inspections and tests established in the Supplementary Technical Instructions to be issued by the Ministry of Industry and Energy, every five years as from the date of authorization of start-up the owners of the facilities must obtain a further certificate from an organization officially appointed by the Ministry. It is further provided that, in addition to the imposition of the fines specified for possible infringements, the authority or agency imposing the same may order the stoppage of the activities in question, in the event of the existence of evident and serious danger to persons or property.

15. Ministry of Transports and Communications. Royal Decree 681/1980, of March 28, concerning the organization of the national fishery industry. (Official State Gazette, April 16, 1980).

This Royal Decree has as its object the regulation of extractive deep-sea fishing activities in any form, owing to the present situation of Spanish fishing grounds, which in the majority of cases are over-fished, the same criterion being adopted in connection with fishing grounds subject to the jurisdiction of other countries. In this respect, the Under-Secretariat of Fisheries and Merchant Marine will reduce the fishing effort of those national fishing enterprises that are overexploited, the following measures being adopted: Establishment of conditions for the conduct of fishing activities; fixing of the number of units, the total and unit tonnage thereof; the fixing of engine ratings; regulations concerning gear, tackle, equipment, etc.; fixing of working hours in the fishing industry; determination of time during which nets must be kept down; prohibition of certain fishing methods, gear and tackle, etc.; and other measures which circumstances may make advisable from time to time.

Ministry of Finance. Resolution of the Directorate General of Customs and Special Taxes concerning the tax drawback on the export of equipment and provisions supplied to vessels bound for foreign ports. (Official State Gazette, April 18, 1980).

When the destination of the vessel requesting provisions or supplies is not immediately a foreign port, but it is to make some previous call at a port in Spanish territory, the suppliers may avail themselves of the benefit of the tax drawback on exports.

17. Ministry of Public Works and Urbanism. Order of April 14, 1980, establishing measures to remedy the pollution of waters. (Official State Gazette, April 23, 1980).

In order to insure the maximum efficiency in the repair of damages caused to the quality of waters and to plan the execution of the necessary facilities and to establish the relevant economic and financial system, it has been thought necessary to issue rules developing the fourth and fifth chapters of the Regulations on the Cleanliness of Water and Water-Courses. To this end, the Water Authorities, after verifying the existence of a pollutional discharge of effluents and instituting proceedings for penalization, will issue the appropriate resolution imposing the relevant fine.

If in the course of investigation, damage to public property is found to exist and it is not possible to replace the items or reinstate them to their original condition, as a result of the damage having been caused to the quality of the waters, the Water Authority may demand that the party responsible for the discharge submit a program of actions to be taken to prevent the pollution. This program should consist of the preliminary design of the technical facilities contemplated for the purification of the discharge, together with a time table setting forth the date of pre-

sentation of the plans, commencement and completion of the work, the financial system contemplated for the construction and operating phases thereof, and arrangements to be made during the period of execution of the plan to reduce the effects of the pollutional discharge. If the said program does not offer sufficient guarantees, the Authority may refuse the approval thereof, or make such changes therein as it sees fit.

18. Office of the Head of State. Organic Law 3/1980, of April 22, on the Council of State.

The Council of State is the supreme consultative body of the Government, and exercises its function as such with organic and optional autonomy, so as to ensure its objectivity and independence, in accordance with the Constitution and the Laws. Consultation with the Council shall be compulsory whenever so established in this or in other Laws, and optional in all other cases. Its rulings shall not be binding unless the Law provides otherwise. It shall in all cases rest with the Council of Ministers to decide in those matters in which, when consultation with the Council of State is compulsory, the consulting Minister dissents from the opinion of the Council.

The full Council of State will be made up of the Chairman, the permanent Councilors, the Councilors ex officio, the elective Councilors, and the Secretary General. The Chairman will be freely appointed by Royal Decree, resolved upon by the Council of Ministers and endorsed by the President, from among jurists of recognized standing and experience in matters of State. The permanent Councilors shall also be appointed by Royal Decree from among persons who are, or have been, included in any of the following categories: Minister; President or Member of Executive Councils of Autonomous Communities; State Councilor; Senior Legal Advisor to the Council of State; Fellow of the Royal Academies included with the Spanish Institute; Professor of Legal, Economic or Social Disciplines, of 15 years' standing; General Officer of the Legal Corps of the Armed Forces; and State Functionaries of 15 years' standing. The ex officio Councilors will be: the Directors of the Spanish Royal Academy of Moral and Political Sciences and of the Royal Academy of Jurisprudence and Legislation; the Public Prosecutor; the Chairman of the Joint Chiefs of Staff; the President of the General Council of Advocacy; the President of the General Commission on Codification; the Director General of Contentious Matters of the State; and the Director of the Center for Constitutional Studies. The elective Council members, of whom there will be ten, will also be appointed by Royal Decree, for a tenure of four years, from among persons who have held any of the following offices: Deputy or Senator; Magistrate of the Constitutional Court; "Ombudsman"; Minister or Secretary of State, etc. The Secretary General shall also be appointed by Royal Decree from among the Senior Legal Advisors, upon the proposal of the Permanent Committee approved by the Plenary Council. The remaining articles of this Law specify the functioning and competence of the Council of State.

19. Office of the Head of State. Law 15/1980, of April 22, setting up the Council on Nuclear Safety. (Official State Gazette, April 25, 1980).

20. Office of the Head of State. Law 4/1980, of April 18, concerning the system governing Pre-election Opinion Polls. (Official State Gazette, April 25, 1980).

21. Ministry of Finance. Order of April 10, 1980, approving the Regulations on the Supply and Sale of Liquid Fuels and Carburants Subject to the Petroleum Monopoly. (Official State Gazette, April 25, 1980).

These Regulations develop, in addition to a number of general provisions, the sale of carburants and fuels in installations belonging to the Petroleum Monopoly, the granting of service station concessions by means of competitive bidding, the construction of service stations, the operation of sales outlets, the cancellation of service station concessions, special systems, the storage, transport and delivery of carburants and fuels, supervision and inspection, as well as infringements and penalties.

22. Office of the Head of State. Law 18/1980, of April 24, abolishing the Council of National Economy. (Official State Gazette, April 28, 1980).

23. Presidency of the Government. Royal Decree 788/1980, of March 28, approving the Regulations on House-

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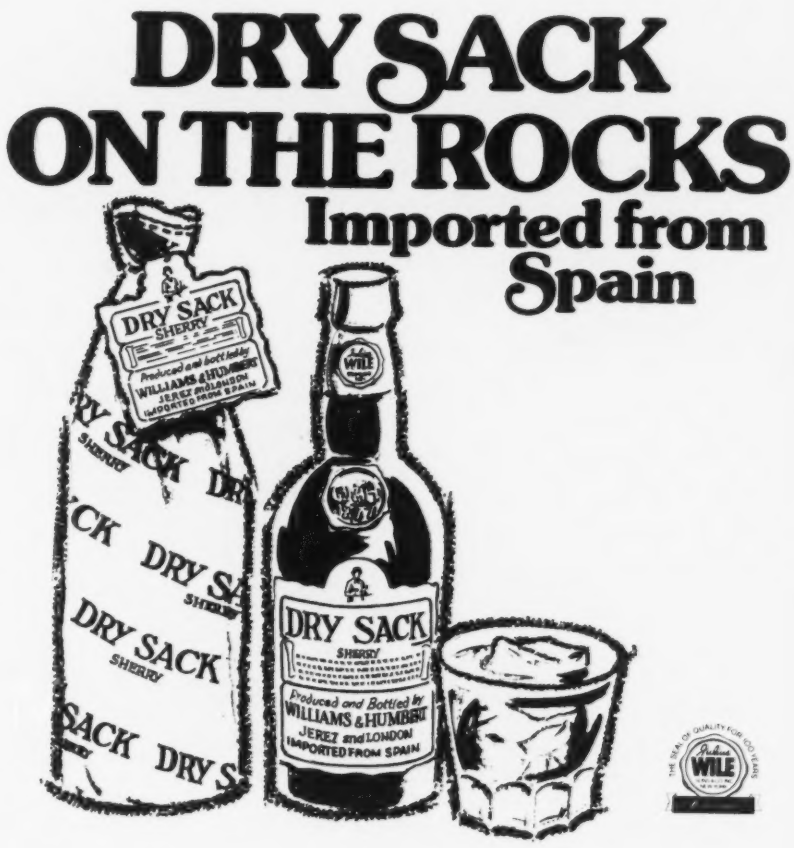
hold Electrical Appliances. (Official State Gazette, May 3, 1980).

The preamble to this provision states that the industrial activity of manufacture of the so-called white line of household appliances is following in this country an evolutionary trend similar to that experienced by the most highly developed countries; and that this makes advisable the establishment of regulations aimed at orientating production towards achieving the maximum degree of competitiveness in the international field, while devoting attention at the same time to the safety of the user. The text specifies that the manufacture, import and sale of such appliances requires the prior registration of the various types by the Ministry of Industry and Energy, the application to be accompanied by a design, in quadruplicate, signed by a qualified technician and approved by the appropriate Official Association, including a descriptive memorandum and technical specifications of the appliance, a record of the tests carried out in an officially authorized laboratory, the construction plans, a technical data sheet, the cost estimate of the appliances, and the instructions for the user. All appliances covered by these Regulations must display, in a visible position, a plate specifying the name of the manufacturer, the model, series and number of manufacture, voltage, and other specific particulars of the appliance.

24. Ministry of Commerce and Tourism. Circular from the Directorate General of Tourist Enterprises and Activities, clarifying the provisions relating to the prevention of fire in tourist establishments. (Official State Gazette, May 6, 1980).

This provision will only be applicable, in principle, to hotel accommodation of all groups, forms and categories, and shall remain in abeyance as regards apartments and tourist camps, and holiday villages. It is compulsory to install emergency lighting in evacuation exists, if possible in the places where the fire-fighting equipment is located; luminous indicators of emergency exits, both positive and negative (i.e. "EXIT" where applicable, and "NO EXIT" in blind corridors or other dangerous places; to display on each floor of the building a sketch-plan clearly showing the emergency exits, alarm points and fire-extinction devices; to install accoustic alarms audible in all parts of the premises; and to seal off conduits used for plumbing, sanitary and other installations. □



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By RAMON MULLERAT
Member, Lawyer's College of Barcelona

Regulations Governing the Acquisition of Real Estate in Spain by Foreigners

I. GENERAL IDEA

Spain, due to its advantageous geographical and climatological conditions, among other reasons, constitutes a country with a high degree of residential charm; because of this many people resident in other countries in Europe and even in other continents choose Spain for their vacations and for their retirement.

Hence the net foreign investment in property between 1959 and 1977 has been $3,000 million (188,600 million pesetas).[2]

II. APPLICABLE RULES

1. Acquisition of property in Spain on the part of foreigners is contemplated by the Spanish legislation from four different points, one general and three special:

A) That derived from the exchange control regulation which affects in general any real estate property acquisitions made by either foreigners or non-resident Spaniards, with some very definite exceptions.

B) That derived from the specific regulation of rural real estate acquisitions.

C) That derived from the specific regulation of acquisition of real estate located in places affected by needs of national defense.

C) That derived from the specific regulation of property located in places declared of national touristic interest.

2. Basic provisions in this matter are constituted by Decrees 3021 and 3022, both of Oct. 31, 1979, which contain the Law and the Regulation on Foreign Investments (hereinafter LIE and RIE respectively.

One should bear in mind as well the Law of May 13, 1960, the Order of Oct. 20, 1961, and Decree Law of May 22, 1962 and the resolutions by the Directorate General of Foreign Transactions (DGTE) of Dec. 20, 1974, Jan. 23, 1975, two of Jan. 25, 1975, and that of July 30, 1975.

In matters of acquisition of rural real estate, art. 22 RIE is to be borne in mind. In matters of acquisition of real estate in areas protected because of national defense, the Law of March 12, 1975 and its Regulations of Feb. 8, 1975.

Finally, we cannot forget the new Law on Juridical Regime of Exchange Control of Dec. 10, 1979, which has just come into force on March 13, 1980 and which expressly contemplates the acquisition and disposal acts of any kind of property in Spain by non-residents (art. 2).

III. DISTINCTION STARTING FROM THE CRITERION OF RESIDENCE.

The legislation in matters of foreign investments establishes the difference between individuals or moral persons, either foreigners or Spaniards, residing abroad, and the persons residing in Spain. Only the investments made by the non-residents are reputed foreign investments (1.1. RIE).

Because of it also in matters of acquisition of property we shall have to distinguish, in the subsequent sections, between purchases made by residents and those made by non-residents.

IV. ACQUISITION OF REAL ESTATE PROPERTY BY FOREIGNERS RESIDENT IN SPAIN

The acquisition regime of real estate property by foreign individuals with residence in Spain is of full freedom. It is thus established in art. 25 RIE.

"Without prejudice to the provisions of articles 21 and 22 (which regulate the special regimes for real estate property located in areas protected because of national defense and the rural real estate), resident foreign individuals may acquire real estate located in Spain, in ordinary Pesetas, on the same conditions as resident Spaniards."

The legislation in force does not refer to the problem of whether foreign residents may acquire real estate property using Pesetas derived from the currency countervalue they bring to our country from abroad and to the complementary, though fundamental, question of the transferability abroad of such money brought in. The opinions given on this point disagree[3] and we endeavor to find the positive solution, since, as Sebastian de Erice says, there is no rule forbidding resident foreigners to effect real estate purchases with debit to Peseta countervalue of foreign Pesetas and, as far as transferability of such an investment is concerned, it is permitted to think it thus because of the generality with which arts. 25 and 27 RIE are drawn up and the circumstances that such a right is acknowledged to resident foreigners for other types of investments made with foreign contributions (9 and 12 LIE).

V. ACQUISITION OF REAL ESTATE PROPERTY BY PERSONS RESIDENT ABROAD

1. Principle of restricted freedom

In principle the general freedom and permissibility rule governs, so that

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1. This article constitutes a recapitulation of the text of the author's participation in the Congress of the Law Society European Group in Barcelona in November, 1978; it was later published in the "Revista de Derecho Privado" of April 1979 and by "El comercio hispano britanico."

2. Moreno More, "Notas sobre inversión extranjera en inmuebles," in "Infomación Comercial Española," Aug. 1978.

3. Alvarez y Equidazu, "Control de cambios," Madrid 1977, B.I. page 707 opine negatively. Sebastian de Erice in "Revista de Derecho Mercantil," No. 137, page 362, favorably.

foreign and Spanish individuals non-resident in Spain and so that foreign moral persons may proceed to buy real estate properties provided the acquisition is made through a foreign money contribution (arts. 16 LIE and 19 RIE).

And we say that the principle of freedom and permissibility is highly restricted because the rule itself (art. 23 RIE) establishes the presumption that a series of cases, widly comprehensive, are reputed to be proper to entrepreneurial activity and therefore subject to the need of the obtainment of the administrative authorization. So, art. 23, 1.1. RIE reputes to be an entrepreneurial activity of foreign individuals with residence abroad, the following acquisitions:

a) that of real estate property of a rural nature.

b) that of plots of land, considered urban real estate pursuant to the Soil Law.

c) that of more than three dwellings in one and the same property.

Also RIE reputes to be an entrepreneurial activity of foreign moral persons the acquisition of any kind of property, both of a rural and of an urban nature. But not all these acquisitions require a previous administrative authorization.

Acquisitions of property made by Spaniards resident abroad, as they are not included in art. 23 RIE, are not considered in principle an entrepreneurial activity, and because of this they are not subject to an administrative authorization, although, as is ordered by art. 19 RIE (which does include non-resident Spaniards) the acquisition price shall be paid by means of a foreign money contribution or by means of using interior Pesetas, if the case is so.

2. Exceptions to the presumption that the acquisition of property by non-resident foreigners constitutes an entrepreneurial activity.

Before the ample and comprehensive presumption of entrepreneurial nature of a great portion of the real estate acquisitions by foreigners (either non-resident individuals or moral persons) subject, therefore, to the administrative authorization, the same rules on foreign investments establish a series of important exceptions, to wit:

A. The acquisition of villas, bungalows, and in general dwellings for individual or family use.

In accordance with art. 23.2 RIE, "the acquisition by non-resident foreign individuals of villas, bungalows, and in general dwellings for individual or family use, shall not be considered as a business activity" and therefore is not subject to the preceptive authorization.

Art. 23.2 RIE refers only to non-resident foreigners, since non-resident Spaniards are not affected by the presumption of art. 23.1 of which paragraph 2 constitutes an exception. Non-resident Spaniards, therefore, may acquire the mentioned dwellings not because such non-resident Spaniards are included in the exception but because they are not affected by the presumptions in the said article.

As may be seen, any property the acquisitionof which is liberalized, must possess two requisites: a) to be the question of dwellings (villas, bungalows, apartments, etc.), i.e., a building susceptible of being inhabited; and b) to be destined for either individual or family use.

However, in accordance with art. 23, 1.1.c, the acquisition of more than "three dwellings in one and the same building" is reputed an entrepreneurial activity and, because of this, is subject to the obtainment of the opportune authorization.

B. The purchase of land intended for construction of dwellings for one's own use.

Though the acquisition of urban land constitutes and entrepreneurial activity (art. 28.1.1.b, RIE), which therefore requires an authorization (art. 13 RIE), Rule One of the DGTE Resolution of July 30 1975 authorizes, in general, non-resident foreign individuals to acquire by means of foreign money contribution:

a) Any plots of land the area of which is not larger than 5,000 sq. meters, and which are going to be used for the building of one single-family dwelling, villa or bungalow for the buyer's own use.

b) Any plots of land intended for the construction of buildings in condominium, provided that none of the joint owners, non-resident foreign individuals, becomes the owner of more than three dwellings in the building to be constructed, and that the foreign participation in the building does not surpass 50%.

The same Resolution (Rule Two) authorizes, as well, non-resident foreign individuals acquiring the mentioned plots of land, to contract the construction of such dwellings provided the payment is made by means of money contribution from abroad.

C. The acquisition of buildings in construction.

It is likewise not considered an entrepreneurial activity, in accordance with DGTE's Resolution of Jan. 25 1975, and therefore is excempt from the general obligation of applying for administrative authorization, for foreign individuals resident abroad to acquire buildings under construction, when they are not the promoters of such buildings and the financing of such an acquisition is carried out with money contribution from abroad.

Since the mentioned Resolution alludes specifically to art. 23 RIE, the buildings to which it refers shall be those permitted by art. 23.2 RIE—that is to say, the villas, bungalows and dwellings for family or individual use (with the limitation of three dwellings per building; see preceding section A). It may also be understood that the general authorization for any building under construction refers to the property in condominium regime to which the Resolution of July 30 1975, to which we alluded in section B, refers.

D. The acquisition of out-buildings or garage spaces.

The DGTE Resolution of Jan. 25 1975 establishes that it will neither be considered an entrepreneurial activity nor, because of that, liberalized, for foreign individuals resident abroad to acquire out-buildings and garage spaces, even though they are independent—i.e. even though they are located in a different building in regard to the dwelling of which they are accessories.

E. The acquisition of up to three commercial premises. DGTE's Resolution of July 30 1975 provides (Rule 3) that non-resident foreign individuals are authorized, in general, by means of a foreign contribution from abroad, to acquire up to three commercial premises, provided that: a) the addition of their areas does not surpass 200 sq.

meters; and b) the purchaser does not use them for the conduct of some business activity of his own, unless same has been previously authorized, the renting not being considered a business activity of the owner.

The limitation of up to three commercial premises should not be understood to be within one and the same building, as happens in the case foreseen in art. 23.1 RIE , and not even within the same town; but rather as the maximum limit of commercial premises which a non-resident foreigner may have in Spain.

Any acquisition of commercial premises not complying with some of the foregoing requisites constitutes by itself and to the effects provided for in art. 23.1 RIE, pursuant to the way in which the same Resolution reads, an entrepreneurial activity of the titular, and thus requires the DGTE's previous authorization.

VI. REQUISITES OF VALIDITY OF THE ACQUISITION OF REAL ESTATE BY FOREIGNERS

Such requisites are:

A. The utilization of regulated investment means:

a) Acquisition by foreign individuals resident in Spain.

These persons may use domestic Pesetas in parity with conditions applying to Spanish residents, for the acquisition of real estate properties in Spain (art. 25 RIE).

b. Acquisition by either Spanish or foreign individuals with residence abroad and by foreign moral persons.

Art. 10 RIE reads that these persons may acquire, with the limitations and requisites set up in the RIE, some urban and rural real estate, "provided the price thereof is paid by means of the foreign monetary contribution referred to in art. 2.1 a) of the RIE," that is, by means of the countervalue in Pesetas of convertible currency admitted to quotation on the Spanish market, or by means of Pesetas from balances of foreign accounts in convertible Pesetas or of any other means permitted by the legislation on foreign investments.

However, DGTE's Resolution of Jan. 23 1975 granted a general authorization to non-resident foreign individuals for the use of the balances of their foreign accounts in internal Pesetas for the purchase of urban real estate properties exclusively intended for the use and enjoyment of the owner. According to the IEME circular of May 8 1972, "Foreign accounts in internal Pesetas" are those oened by non-resident individuals with the purpose of gathering the funds generated in Spain not transferable abroad.

The same Resolution did likewise authorize the Spaniards with residence abroad to buy rural real estate with the same means.

B. Bank certificate justifying the contribution.

The relevant public deed of purchase may not be executed or entered at the Property Register without the production by the interested party of a Bank certificate issued by some concern having delegated functions of the Bank of Spain, setting forth the particulars showing the reality of the contribution and the fact that it is intended for the purchase of real estate (art. 20.1 RIE).

The concerns delegated by the Bank of Spain referred to by this rule are the Banks and Savings Banks which carry out a large number of transactions through special delegation.

D. Declaration and recording in the Investment Register

Acquisition of real estate property by foreigners, as well as any further foreign investments, must be declared and recorded in the Investment Register of the Ministry of Commerce, where both the investments and their liquidation are inscribed.

Art. 28 RIE sets up that those obliged to declare the investments for the inscription thereof in the Register are: The titulars of such investments; the intervening authenticators; and the banking concerns where the proceedings of collections and payments must be domiciled.

So great is the importance of this inscription that art. 31 RIE establishes that the right to transfer abroad which is acknowledged to foreign investors originates only as from the time when the investments have, in due manner, been declared in said Register.

VII. PROCEDURE FOR THE DECLARATION OF INVESTMENT IN REAL ESTATE PROPERTY

DGTE's Resolution of Jan. 25. 1975 regulates the procedure for effecting the pertinent declarations before the Registry of Investments by means of the relevant official forms. Circular 4/74 of the same DGTE develops the foregoing Resolution.

The definite procedure for the declaration of acquisition of real estate is regulated in item E of Chapter II of the cited Resolution.

VIII. THE SALE OF THE REAL ESTATE SUBJECT MATTER OF FOREIGN INVESTMENT. THE TRANSFERABILITY OF THE SALE PRICE

Art. 26.1 RIE provides that whenever the purchase of real estate has been made by means of foreign monetary contribution, the owner of the real estate shall enjoy the right to transfer abroad the whole of the market price, in the event of sale, provided such price is not the result of speculative activity.

If the acquisition of real estate is made with debit to a foreign account in domestic Pesetas, the owner of the real estate shall have such right to transfer abroad as is determined in the relevant authorization.

At the sight of said precept and of Rule six of DGTE's Resolution of July 30, 1975 complementing it, we can affirm that the general principle is that the sale price of the real estate purchased by a foreigner is repatriable if and when the following requisites are satisifed:

A. In regard to the investment and the origin of the purchase price, the lawfulness of both must be duly justified by the seller.

B. In regard to the seller —At the time of the sale has must possess the state of non-resident.

C. In regard to the buyer — The purchaser, in principle, has to be qualified a resident of Spain, and therefore has to effect the payment in ordinary Pesetas. If the buyer is a non-resident (either a Spaniard or a foreigner), two points have to be taken into consideration:

a) that payment of the price is made in Spain and can be evidenced before the public authenticator authorizing the purchase of such real estate. In that case the right to transfer is full.

b) that payment of the price is made out

of Spain. In such a case the buyer shall only be able to transfer abroad in due course the amount of the price paid by the original purchaser, provided that this is recorded in a public deed and is inscribed on the Investments Register. This purchase, on the contrary, shall not be inscribed in said Register, as no new foreign monetary contribution has been made.

D. In regard to the Price. It is permitted to transfer the sale price even though there is an unearned increment as compared with the purchase price, provided such an unearned increment is not a consequence of speculation.

As far as it concerns the repatriation effects:

A. Transferability shall be full, if the purchase has been made by means of foreign monetary contribution, since in that case the titular of the investment will be able to transfer abroad the whole of the real sale price (provided same is not a consequence of a speculative activity.)

B. Transferability shall be limited, if the purchase was made with debit to some foreign account in domestic Pesetas, as in such a case the right to transfer abroad will depend on the amount and conditions set forth by the authorization to which art. 19.2 RIE refers.

IX. LEASE OF THE REAL ESTATE SUBJECT-MATTER OF FOREIGN INVESTMENT

Art. 27 RIE establishes that the rentals of real estate property acquired in the manner we have analyzed above shall be transferable abroad provided that:

a) The purchase price is fully paid up.
b) The owner is up-to-date in the payment of the fiscal obligations incumbent upon the property.

This precept has been ratified and completed by Rule seven of DGTE's Resolution of July 30, 1975.

X. SPECIAL REGIME OF THE PURCHASE OF RURAL REAL ESTATE BY FOREIGNERS

Rural real estate located in Spanish territory, the area of which exceeds four hectares in the case of irrigated land or 20 hectares in the case of unirrigated land, or real estate have a lesser area but which, together with that already owned by the persons intending to acquire it, makes up an area exceeding the aforementioned, may not be transferred by purchase, exchange, public or private bidding, gift, or in general by any act of assignment "inter vivos" to foreign individuals or moral persons, with prior government authorization (art. 22.1 RIE), the granting of which concerns the Cabinet of Ministers (art. 33.8 RIE).

Inscription in the Property Register of the foregoing acts and contracts shall be constitutive, in such manner that they shall have no efficiency at all whle they are not duly recorded (art. 22.2 RIE).

XI. SPECIAL REGIME FOR REASONS OF STRATEGY OR OF NATIONAL DEFENSE.

These acquisitions are ruled by the Law of March 12 1975 on areas and installations of interest for National Defense and the Rules thereof, of Feb. 8, 1978.

The main areas affected by this special legislation are the Balearic and Canarian archipelagoes, the Gibraltar Strait and Cartagena areas, the Galician coasts and littoral islands, the sovereignty places in the North of Africa, the Chafarine Islands, Alhucemas and Penón de la Gomera.

Foreign persons, either resident or not, need, as a validity requisite, an authorization by the Ministry of the Army for the acquisition, constitution or mortgages and construction of buildings on real estate located in such areas.

Inscription of such acts in the Property Register is also required, which otherwise shall be null of full right (art. 21 RIE and Law of March 12, 1975.)

Costa Line-Saudi Partnership Merges European-Arab Talents

In 1975, Costa Line and Sheik Abubaker Bakhashab, owner of Saudi Line of Jeddah, pooled their extensive transatlantic experience and familiarity with the Middle East, forming a joint venture. The result was Saudi National Lines, a unique blend of European and Arab skills and mentalities, offering a vital insight into the Middle East plus modern shipping technology. Today, Saudi National operates a fleet of the most advanced cargo ships afloat, combining maximum cargo flexibility with exceptionally economical service. Future plans call for adding more flexible cargo ships to the fleet, increasing the line's roll-on/roll-off and container capacity.

Saudi National's multi-purpose vessels handle Ro/Ro, break-bulk and container cargo of all shapes and sizes. Their total cargo capacity is 760,000 cubic feet, and five shipboard cranes have a capacity of up to 90 tons, making possible the arranging and stowing of any type of cargo in the safest and most appropriate posture. In addition, the line has its own fully equipped terminals for receiving, handling and expediting cargo, as well as its own shipping-trucking system to unload, carry and deliver cargo to Saudi Arabian job sites.

Saudi National sails bi-weekly from all major U.S. Atlantic and Gulf ports to major ports in the Red Sea,gulf of Aden and Arabian Gulf. Transit time is about 20 days. For information, call Costa Line Cargo Services, Inc. 26 Broadway, New York, N.Y. 10004. Telephone (212) 480-8282.

Francisco Viqueira to Leave New York for Post in Rome

Deputy Consul General Francisco Viqueira, who will leave New York in July for a new post in the Spanish Embassy in Rome, was honored at a farewell party in the Casa y Círculo Cultural de España on June 12th. Mr. Viqueira was congratulated for an outstanding job during his tenure in New York. His many friends here wish him success in his new post.

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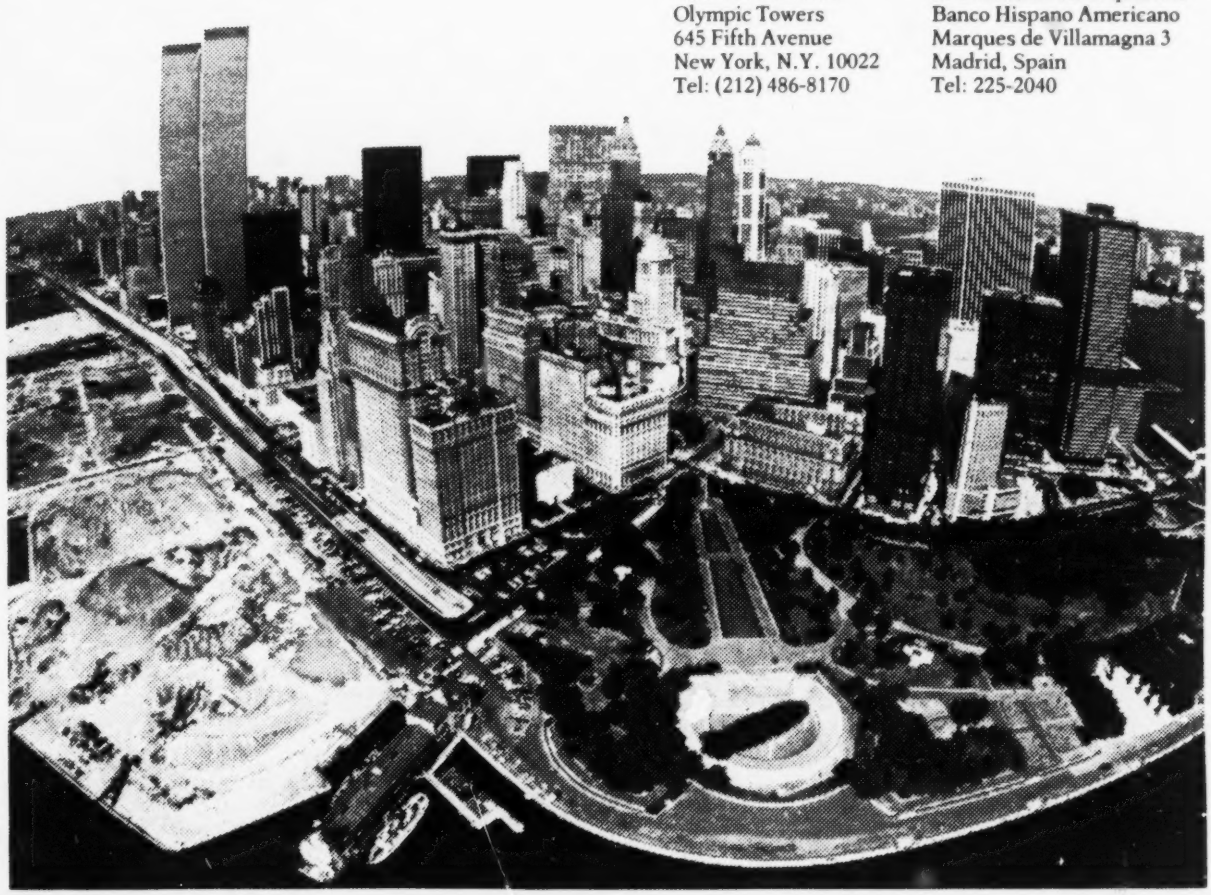

News in Brief . . .

New Cabinet in Spain

On May 3rd, six new appointments to the Government of Spain were announced. The revised Cabinet is as follows (new members indicated by an asterisk):

President: Adolfo Suárez González.
First Vice President for Security and Defense Affairs: Lieutenant General Manuel Gutiérrez Mellado.
Second Vice President for Economic Affairs: Fernando Abril Martorell
Foreign Affairs: Marcelino Oreja Aguirre
Finance: Jaime García Añoveros
Interior: Juan José Rosón Pérez*
Justice: Inigo Cavero Lataillade
Public Works and Urbanism: Jesús Sancho Rof
Education: José Manuel Otero Novas
Labor: Salvador Sánchez-Terán
Industry and Energy: Ignacio Bayón Mariné*
Commerce and Tourism: Luis Gámir Casares*
Agriculture: Jaime Lamo de Espinosa
Transportation and Communications: José Luis Alvarez Alvarez*
Culture: Ricardo de la Cierva y Hoces
Health and Social Security: Juan Rovira Tarazona
Territorial Administration: José Pedro Pérez-Llorca
Relations with the European Communities: Leopoldo Calvo Sotelo
Economy: José Luis Leal Maldonado
Investigation and Universities: Luis González Seara
Presidency: Rafael Arias-Salgado
Defense: Agustin Rodríguez Sahagún
Adjunct for Legislative Coordination: Juan Antonio Ortega y Díaz-Ambrona*
Adjunct for Public Administration: Sebastián Martir-Retortillo*

OECD Issues Report on Spain

In its annual survey of the Spanish economy, issued in April, the Organization for Economic Cooperation and Development (OECD) warned that if the terms of Spain's trade deteriorated as could be expected, the Spanish economy could continue in its current "stagflationary trap," a situation which Spain could ill afford. The survey forecast that a substantial deterioration in the terms of trade would mean a rise in the trade deficit from the $4.9 billion of 1979 to around $9.5 billion for 1980; the current account balance could turn from a surplus of $1.2 billion last year to a 1980 deficit of $2.7 billion.

The report prescribes moderation in nominal income developments, although even this would be insufficient to end the current stagflation. There are signs, it says, of an impending autonomous upturn of private productive investment, which could "more easily be encouraged by monetary and credit policy if wage cost pressures were to abate." Despite a cloudy world economic outlook, the OECD report regards Spain's medium-term potential as not unfavorable "if appropriate policies are applied."

Among other forecasts: Unemployment is expected to rise from 9% in 1979 to over 11% of the labor force in 1980. Public investment will rise to around 330 billion pesetas, and private investment shows signs of recovery; real GDP growth, however, will rise only moderately, by 1.75% vs. 1.5% for 1979, because of decreasing foreign demand. Export growth will decrease because of tight monetary policies in other OECD countries and rising oil prices; the growth will be about 4% in volume vs. 11% in 1979. Import growth, which was influenced by stockpiling of raw materials in 1979, will decreased from 12% in 1979 to 3% for 1980.

'Pablo Picasso: A Retrospective'

A museum-wide exhibition, the most comprehensive showing of the works of Picasso ever held, opened at the Museum of Modern Art in New York on May 22nd and will continue through September 16th. The exhibition includes nearly 1,000 objects in all the media in which Picasso worked, over half of which have never before been seen in the United States, except for a few items shown recently in Minneapolis. About one third are works which Picasso kept for himself and which were rarely if ever exhibited publicly. The material was drawn from 152 lenders, public and private collections throughout the world, including 56 museums—among them the Museo Picasso in Barcelona, the Kunstmuseum in Basel, the Tate Gallery in London, New York's Metropolitan Museum of Art, the National Gallery of Prague, and the new Musée Picasso in Paris.

Extraordinary Telex Rate Hike Protested by Association

The Association of Food Distributors, Inc., which numbers several Chamber members among its members, has mounted a protest against impending extraordinary increases in telex rates authorized by the FCC. The increases, based on the "unbundling" of telex charges, would represent a substantial hardship, especially to smaller businesses. Telex customers have been informed by ITT that typical costs of the use of a telex machine in their offices, not including transmission costs, would be increased, depending on type of machine and location, from the current $10 per month to $71 per month in midtown Manhattan, $50 in downtown Manhattan, and $161 in Queens. The Association is calling for protests to be sent to the Federal Communications Commission, 1919 M Street N.W., Washington D.C. 20554, Attention: Tariff Review Branch, Tariff Division, Room 510. Telephone protests can be made to (202) 632-5550.

Emanuele Costa (left), Vice-President, Costa Line and Managing Director, Saudi National Lines inspects loading of MV KUDU in New York harbor with Capt. Casello Cimmino and William F. Burns (right), Vice President, Traffic.

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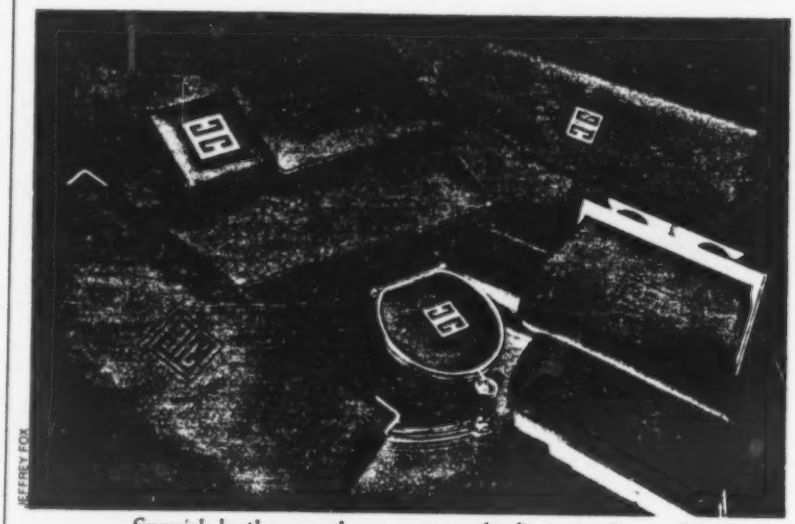
BEST BUYS

An Eye for Spanish Leather

by John J. Poister



JEFFREY FOX

Spanish leather goods are among the finest in the world.

When I was very young, I won a big, black billfold with many interesting compartments and pockets. I carried it constantly. As it began to fray at the edges, however, I realized that my treasured prize was not made of leather, but a supple cardboard skillfully disguised to look like the real thing.

It is highly unlikely that this would ever happen in Spain, for when it comes to leather, *genuine* leather, Spain enjoys an embarrassment of riches.

One good reason for this is that Spain is a nation of artisans whose tradition of fine craftsmanship goes back thousands of years. There are also a lot of cows as well as pigs, goats, sheep, horses and wild game in Spain.

Most of the work involved in fashioning leather goods is done by hand, and a very highly skilled hand is evident even in those products selling at bargain prices. The reason for this is not only Spain's reluctance to mechanize her aesthetic creations, but also the fact that irregular sizes and thicknesses in hides and skins make automation difficult.

When buying fine leather goods, the discriminating shopper is interested in quality and good workmanship. Since leather is a product of nature, it is bound to have some imperfections as a result of disease, parasites, old age, malnutrition and accidents. Scarring from wounds and falls is common in wild animals, and wire scratches are often found on domestic animal skins. In top-quality goods all extraneous blemishes are excised, and the grain or finish is uniform and free of markings, color variations, pitting and cracking. Inspect the reverse side of the leather and look for patches, stitches or other signs of imperfections that have been repaired.

One of the hallmarks of fine leather products is the fittings. Quality luggage and handbags have sturdy, well-designed brass or gold-plated hinges, locks and corner trimmings. Very expensive items will often have 18-karat-gold fittings. Check garments carefully for imperfections and beware of cheap buttons and flimsy zippers. They may indicate that the quality is not all that it should be.

Jewelry cases, cigarette boxes, desk sets and bookbindings will often be beautifully embossed in gold leaf using a hot, carved iron punch. The incising should be well defined and of uniform depth. A few irregularities are an indication that the work was done by hand—only a machine can produce embossing that is perfect.

In Madrid, the most elegant and probably the most expensive stores for fine leather are part of the *Loewe* chain, often referred to as the "Gucci of Spain." Here you will find beautiful coats, suits, skirts and jackets, superbly designed and crafted in various leathers. The colors are smart and stylish and the fittings are the best. *Loewe* has two stores in Madrid at Avenida José Antonio, 8, and Calle Serrano, 26.

Other stores in the area that you may want to visit are *Nestares* across the street from *Loewe* on Avenida José Antonio, *Rustarazo*, also on Avenida José Antonio at No. 49. *Mario Herrero*, Carretas, 10, is well known for fine gloves. *Herrero y Rodero* is a moderate price store at Gran Via, 33.

If your tastes run to sports, *Diana Turba*, Claudio Wello, 79, is a must. One of the world's truly great sporting goods stores, *Diana Turba* stocks top-quality shooting jackets, gun cases, boots, gloves, duffle bags, hiking shoes, shell bags and many other items. Nearby at No. 16 is *Andre Hipola*, a leather goods store specializing in home furnishings.

Since Madrid is a famous "walking city," go to the Puerta del Sol which is the hub of many fine shopping streets and walk around the Calle Mayor, Calle de Alcalá, Calle del Arenal and Calle Preciados. You will see an abundance of leather products everywhere. Some will be so-so; many will be good; and then there will be that small, select company of quality, design and craftsmanship that defies category—the best that money can buy.

Foreign Investment in Spain and Spanish Investment Abroad

FIGURES IN MILLIONS OF PESETAS

Sector	Spanish Investments Abroad				Foreign Investment in Spain			
	JAN.-DEC. '79	%	JAN.-DEC. '78	%	JAN.-DEC. '79	%	JAN.-DEC. '78	%
Agriculture, livestock, hunting forestry, and fishing	1,006,677	1.20	184,070	0.40	1,512,094	6.76	2,468,260	19.14
Energy and water	1,911,100	2.40	546,260	19.14	203,346	0.91	147,835	1.14
Extraction and refining of non-energy related minerals and derived products of the chemical industry	10,476,572	13.00	16,613,860	29.30	2,474,504	11,08	1,658,194	12.80
Metal processing industries and precision machinery	37,837,208	46.80	17,271,135	30.30	11,517,968	6.79	1,185,011	9.19
Other manufacturing industries	7,413,967	9.20	76,061,024	12.50	2,147,627	9.61	945,458	7.33
Building and construction	1,528,000	1.90	877,476	1.10	1,140,481	5.10	909,172	7.04
Retail, restaurants, hotels, motels, renovations	16,413,775	20.30	10,926,337	19.30	3,263,164	14.60	1,706,798	13.24
Transport and communications	285,897	0.40	275,888	0.50	131,589	0.50	116,252	0.91
Financial institutions, insurance, industrial, commercial and real estate loan services	3,762,108	4.70	2,947,752	5.20	9,838,053	44.01	3,751,651	29.09
Other services	167,720	0.10	165,775	0.30	123,098	0.53	8,864	0.06
TOTAL	80,803,024	100.00	56,887,317	100.00	22,350,924	100.00	12,897,394	100.00

Foreign Investment in Spain by Countries

COUNTRY	JAN.-DEC. '79	%	JAN.-DEC. '78	%	COUNTRY	JAN.-DEC. '79	%	JAN.-DEC. '78	%
U.S.A.	33,886,012	42.10	14,054,963	24.71	Denmark	73,375	0.10	119,875	0.22
France	8,682,628	10.70	6,095,901	15.18	Venezuela	72,000	0.10	86,375	0.16
Holland	7,401,450	9.20	1,724,839	4.30	Ireland	45,000	0.10	--------	
Germany	6,802,467	8.50	8,630,419	15.18	Austria	35,448	----	164,057	0.22
Switzerland	4,138,086	5.10	8,752,187	15.33	Portugal	20,000	----	4,500	0.01
Spain	4,068,033	5.00	4,294,308	7.55	Canada	15,000	----	3,132,586	5.51
Liechtenstein	2,867,503	3.50	1,575,905	2.78	Puerto Rico	10,667	----	3,875	0.01
Great Britain	2,724,427	3.40	1,558,930	2.75	U.S.S.R.	10,000	----	36,000	0.07
Bermuda	2,300,514	2.80	10,750	0.02	Rumania	6,400	----	----------	
Mexico	1,926,100	2.40	140,000	0.25	Colombia	4,000	----	----------	
Luxemburg	1,804,382	2.20	2,441,778	0.50	Andorra	1,500	----	----------	
Italy	804,355	1.00	308,378	0.55	Morroco	1,250	----	1,250	0.01
Japan	572,200	0.70	270,800	0.37	Lebanon	500	----	2,549	0.01
Sweden	555,105	0.70	346,000	0.61	Poland	500	----	----------	
Belgium	320,320	0.40	646,405	1.24	Liberia	---	----	839,375	1.48
Saudi Arabia	359,000	0.40	600,000	1.06	Yugoslavia	1,900	----	----------	
Finland	333,000	0.40	12,500	0.03	South Africa	---	----	81,000	0.15
Panama	305,050	0.40	870,322	1.53	Uruguay	---	----	55,000	0.10
Jordan	291,297	0.40	----------		Nigeria	---	----	20,000	0.04
Grand Cayman Island	263,555	0.30	----------		Hungary	---	----	6,490	0.02
					TOTAL	80,803,024	100.00	56,887,317	100.00

FROM THE SPANISH COMMERCIAL OFFICE IN NEW YORK

Spain's Exports to the U.S., Jan.-Mar. 1980

In this tabulation using statistics from the U.S. Department of Commerce, the first column gives Spain's total exports to the United States from January 1st through March 31st, 1980, in thousands of dollars. The second column gives the percentage of variation from the same period of 1979.

	Jan.-Mar. 1980	% Variation from 1979
I. FOOD PRODUCTS	**37,562**	**- 3.0**
1. Fish & seafood, except preserved	500	- 69.5
2. Fish & seafood, preserved	3,463	+ 55.6
3. Marmalades & preserved fruits	4,312	+ 29.3
4. Vegetables, prepared or preserved, including olives	24,019	+ 5.5
5. Sweets with a sugar base which do not contain cocoa	124	+ 163.8
6. Extracts & concentrates of coffee	—	—
7. Paprika	2,436	- 3.8
8. Food preparations, unspecified	755	+ 34.8
II. BEVERAGES & TOBACCO	**13,879**	**+ 6.7**
9. Table wines & Sherry	8,836	+ 14.3
10. Sangria	2,419	+ 67.5
11. Brandy & similar	1,497	- 16.6
12. Processed tobacco	1,093	- 55.9
III. RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM & OTHER VEGETABLE PRODUCTS	**4,460**	**- 7.0**
13. Fluorspar		
14. Raw materials of animal origin	397	- 61.9
15. Gums, resins & natural lacquers	1,172	+ 94.4
16. Other crude vegetable materials	1,534	+ 7.4
IV. MINERAL PRODUCTS & LUBRICANTS	**7,356**	**- 31.8**
17. Lubricant oils & fats, hydrocarbons	1,239	—
18. Residues of petroleum refining	6,117	- 6.6
V. OILS & FATS, ANIMAL & VEGETABLE	**4,110**	**- 7.5**
19. Olive oil	4,110	- 4.7
VI. CHEMICAL PRODUCTS	**16,206**	**+ 48.0**
20. Organic chemical products	6,929	+ 122.9
21. Inorganic chemical products	3,910	+ 90.6
22. Essential oils and perfume materials	3,170	+ 7.0
23. Soaps and detergents	349	- 27.4
VII. MANUFACTURES AND SEMI-MANUFACTURES	**103,303**	**- 2.5**
24. Leathers, hides and their manufactures	2,836	+ 11.7
25. Tires	15,079	- 32.0
26. Manufactures of wood & cork	1,766	- 7.8
27. Paper & cardboard articles	2,308	+ 18.7
28. Threads & yarn	627	+ 11.1
29. Woolen fabrics	257	- 71.9
30. Lime, cement and other construction materials, except tiles	12,462	+ 518.5
31. Tiles	1,831	+ 32.0
32. Crystal & glass articles	848	- 0.2
33. Pottery articles	3,056	+ 54.7
34. Iron & steel in bars, sheets, etc.	39,348	+ 18.2
35. Non-ferrous metals	6,372	- 61.5
36. Wire, without electrical insulation	3,191	- 18.6
37. Screws, nails, rivets or iron steel and copper	1,564	- 54.2
38. Hand tools	2,137	- 7.5
39. Household products of common metals	2,580	- 12.9
40. Metal manufactures, unspecified	3,706	- 15.8
VIII. MACHINERY & TRANSPORT EQUIPMENT	**32,235**	**+ 5.4**
41. Non-electric generators & parts	1,798	- 2.7
42. Agricultural machinery & parts	1,242	- 27.1
43. Office machines & parts	1,505	+ 29.2
44. Metalworking machinery	5,296	- 6.1
45. Textile & leather machinery	1,312	- 7.5
46. Industrial machinery	1,389	+ 95.4
47. Machinery & apparatus, unspecified, and parts	5,908	+ 43.6
48. Electric generators, switches, & parts	740	- 16.3
49. Household electrical appliances and parts	411	- 7.0
50. Electrical machinery & apparatus & parts, unspecified	1,279	- 31.2
51. Transport equipment	9,567	+ 38.8
51a. Parts & accessories for tractors, vehicles & motors	6,402	+ 36.8
51b. Motorcycles & parts	645	- 23.1
IX. CONSUMER MANUFACTURED PRODUCTS	**72,745**	**- 27.7**
52. Lamps and parts	4,051	+ 19.4
53. Furniture	3,122	- 30.2
54. Luggage and handbags	1,885	+ 4.6
55. Textile manufactures	1,041	- 1.0
56. Leather manufactures and accessories	630	- 41.2
57. Knitwear manufactures and accessories	441	- 32.6
58. Footwear	45,114	- 38.5
59. Printed material	5,016	+ 13.2
60. Games & sporting goods	1,581	+ 11.7
61. Arms & parts, except revolvers and pistols	1,277	+ 22.3
62. Objects of art and antiques	2,494	+ 26.3
63. Jewelry & costume jewelry	2,497	- 23.9
64. Other manufactures, unspecified	850	+ 2.2
X. OTHER PRODUCTS, UNCLASSIFIED	**3,437**	**- 46.0**
65. Special transactions, unclassified	2,265	- 48.4
66. Arms of war, including revolvers, pistols and ammunition	824	- 48.6
67. Estimated value of imports valued under $251 each	289	-22.1
TOTAL EXPORTS SPAIN-U.S.	**295,293**	**- 9.5**

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Tribulete 25
Madrid-12

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EBROACERO, S.A.
c/Argualas, s/n
Zaragoza-11

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FAPESA
Avda. de Pablo Casals, 40
Hospitalet de Llobregat (Barcelona)

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Domper, S.A.
c/Cabanas, 31
Barcelona-4

"Gayugas leaves":
Sr.D. Crescencio García Hogueras
c/Ezequiel Peñalver, 27-2° dcha.
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Polígono Industrial Well's
Humades de Madrid (Madrid)

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Sr.D. Bienvenida Arance Verero
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San Matin de Valdeiglesias (Madrid)

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Pintor Luis Garay 3 - 3° A
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Polígono Industrial de Valls
Apartado C. 91-Valls
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Irun (Guipúzcoa)

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Barcelona-11

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Prat de Llobregat (Barcelona)

Electric equipment; automation materials:
Sr.D. D. C. Guardiola
CISA
Circuitos Impresos, S.A.
Polígono Industrial Los Angeles
Calle de los Herrers Getafe (Madrid)

Furniture:
V. Zaragoza
Polígono Industrial "El Pla"
Alacacer (Valencia)

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Industrial Serval, S.L.
Apartado de Correos 2316
Barcelona

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Carretera Sevilla-Málaga, km. 7
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Sevilla-16

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Orense

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Sr.D. Ignacio Bruna Sánchez
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Avda. Cataluña, 243
Zaragoza-14

Hair dryers; coffee pots; coffee grinders; small appliances:
Sr.D. Ignacio Pérez Portabella
APLIMONT
Montajes y Aplicaciones Industriales, S.A.
Gran Vía Carlos III, 136
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Surgical gloves; pharmaceutical products (profilactico):
New-Import, S.A.
C/Marina, 20
Palma de Mallorca (Baleares)

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Paseo San Gervasio, 20
Barcelona-22

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Sr.D. Miguel del Pino Nieto
Grupo Sindical de Colonización
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Bilbao-2

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San Vicente, 19
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Sr.D. Alberto Arostegui
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Aguirre Miramon, 2
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Barcelona-2

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ORAC
Napoles, 343
Barcelona-25

Automatic vacuum pumps:
Sr.D. Luis Gonzalez Alcaide
TUPY-In
López Mezquía, 11
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Enor Corporation
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FAIRS AND EXHIBITIONS

SPANISH FAIRS CALENDAR, 1980

FAIR OR EXHIBITION	DATE	CITY	ORGANIZER'S ADDRESS
JANUARY			
Int'l Footwear & Related Industries Fair (FICIA)	8-11	Elda (Alicante)	Apartado 104, Elda (Alicante)
Int'l Home & Decorative Textiles (TEXTILHOGAR)	15-19	Valencia	Apartado 476, Valencia
Nat'l Leather & Luggage Exhibition (IBERPIEL)	16-20	Madrid	Valázquez, 4, Madrid
National Costume Jewelry Fair (SEBIME)	18-26	Mahón (Menorca)	Polígono Industrial Mahón, Apartado 353, Mahón
Int'l Boating & Sports Exhibition	19-27	Barcelona	Avenida de María Cristina, s/n, Barcelona
Winery Equipment & Machinery Show (ENOMAQ)	23-27	Zaragoza	Apartado 108, Zaragoza
FEBRUARY			
National Fashion & Apparel Exhibition	7-10	Barcelona	Avenida de José Antonio, 670
Knitwer Exhibition (MODAPUNTO)	7-10	Barcelona	Avenida de María Cristina, s/n, Barcelona
Exhibition of Machinery for the Apparel Industry	7-10	Barcelona	Avenida de María Cristina, s/n, Barcelona
Teaching Materials & Techniques Fair (DIPA)	16-20	Valencia	Apartado 476, Valencia
International Toy Fair	16-22	Valencia	Apartado 476, Valencia
Public Works & Construction Mach'y (SMOPYC)	20-24	Zaragoza	Apartado 108, Zaragoza
MARCH			
International Nutrition Fair (ALIMENTARIA)	8-14	Barcelona	Avenida de María Cristina, s/n, Barcelona
International Shoe Fair (FICIA)	10-13	Elda	Apartado 104, Elda (Alicante)
Spanish Machine Tool Exhibition	20-27	Bilbao	Apartado 468, Bilbao
Int'l Agricultural Machinery Tech'l Fair (FIMA)	22-30	Zaragoza	Apartado 108, Zaragoza
Ceramics, Glassware & Decorative Arts Fair	23-30	Valencia	Apartado 476, Valencia
APRIL			
National Electrication Exhibition	9-11	Madrid	Conde de Xiquena, 4, Madrid
International Metal Arts Fair	12-19	Valencia	Apartado 476, Valencia
Int'l Elevation & Transport Mach'y Fair (EXMA)	14-20	Bilbao	Apartado 468, Bilbao
Iberoamerican Samples Fair	21-May 1	Seville	Apartado 8016, Seville
Int'l Automobile Show (EXPOMOVIL)	26-May 2	Barcelona	Avenida de María Cristina, s/n, Barcelona
MAY			
International Samples Fair	3-11	Valencia	Apartado 476, Valencia
AMBIENTE	5-10	Bilbao	Apartado 468, Bilbao
National Aluminum Fair (EXPAL)	13-20	Valladolid	Apartado 423, Valladolid
Province of Tarragona Samples Fair	16-25	Reus (Tarragona)	Plaza de España, 1, Ayuntamiento de Reus, Reus
National Naval Industries Fair	20-26	El Ferrol (La Coruña)	Apartado 201, El Ferrol (La Coruña)
JUNE			
International Fair of Barcelona	3-11	Barcelona	Avenida de María Cristina, s/n, Barcelona
Int'l Footwear & Related Industries Fair (FICIA)	9-12	Elda	Apartado 104, Elda (Alicante)
JULY			
Regional Agricultural & Samples Fair of Manzanares	16-23	Manzanares	Comisaria de la Feria Regional del Campo, Manzanares (Ciudad Real)
AUGUST			
Northwestern Samples Fair	19-30	El Ferrol	Apartado 201, El Ferrol (La Coruña)
National Samples Fair of Asturias	2-17	Gijón	Instituto, 17, Gijón (Asturias)
SEPTEMBER			
International Shoe Fair (FICIA)	9-12	Elda	Apartado 104, Elda (Alicante)
National Samples Fair of Castilla & León	9-21	Valladolid	Apartado 423, Valladolid
Int'l Apparel & Children's Wear Fair (FIMODA)	12-15	Valencia	Apartado 476, Valencia
National Costume Jewelry Fair (SEBIME)	19-27	Mahón	Apartado 353, Mahón, (Menorca)
San Miguel Agricultural & Fruit Fair	21-28	Lérida	Apartado 106, Lérida
Int'l Image, Sound & Electronics Fair (SONIMAG)	27-Oct. 5	Barcelona	Avenida de María Cristina, s/n, Barcelona
OCTOBER			
Hardware, Hand Tools & Fasteners (FERROFORMA)	2-5	Bilbao	Apartado 468, Bilbao
National Samples Fair of Zaragoza (FONM)	9-19	Zaragoza	Apartado 108, Zaragoza
International Furniture Fair	13-19	Valencia	Apartado 210, Valencia
Nat'l Home, Decoration & Catering Exhibition & Int'l Hotel Equip't Exhibition (HOGAROTEL)	18-26	Barcelona	Avenida de María Cristina, s/n, Barcelona
NOVEMBER			
Spanish Fair of the Atlantic	1-9	Las Palmas de Gran Canaria	Apartado 50, Las Palmas de Gran Canaria
Nat'l Hog Breeding Exposition (INCOPORC)	3-7	Lérida	Apartado 106, Lérida
Spanish Flower Show (IBERFLORA)	5-9	Valencia	Apartado 13, Valencia
Int'l Office Equipment & Information Fair (SIMO)	14-21	Madrid	Plaza del Conde del Valle de Suchil, 8, Madrid
International Woodworking Machinery Fair	17-23	Valencia	Apartado 476, Valencia
DECEMBER			
Int'l Footwear & Related Industries Fair (FICIA)	13-16	Elda	Apartado 104, Elda (Alicante)

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